

A Bleak Forecast For East Europe

CIA Predicts High Unemployment As Economies Struggle to Change

By Stuart Auerbach

Washington Post Service

WASHINGTON — The Central Intelligence Agency said Wednesday that East European countries faced a "daunting" period of hard times over the next few years, including the possibility of deep recessions and unemployment rates as high as 20 percent, before economic changes begin to bear fruit.

The CIA analysis, the first public U.S. government assessment of the economic revolution in Eastern Europe, suggested that the traumas could threaten the political stability of the region as the process of change brings about rising prices at a time when wages are falling.

Unemployment and a prolonged decline in the standard of living, the report said, could touch off public protests and threaten the economic recovery.

The CIA report estimated potential unemployment in East Germany and Yugoslavia at 15 to 20 percent and in Bulgaria and Hungary at 5 percent or more.

The most formidable barriers still lie ahead, the report said. "As the euphoria of political revolution begins to wane, the new governments face the daunting task of recovering from four decades of economic mismanagement and changing deeply rooted patterns of economic behavior."

The CIA analysts said the economic performance would be the worst in Poland and Yugoslavia, the countries pushing hardest for change. "With output slowing and even declining as efforts to stabilize the economy and implement structural reforms prove disruptive."

"Significant growth and improvement in the living standards in the region, at best, will take years," said the report, which was issued by Congress's Joint Economic Committee.

The report gave no estimate of how long the hard times would last.

The analysts predicted that unemployment in Poland could reach 1.5 million, or 9 percent of the work force, as that country goes through the shock treatment of ending subsidies to large, inefficient state-owned industrial enterprises.

In societies that have been accustomed to full employment, the CIA said, "the loss of jobs is certain to be traumatic."

The report said that East Germany and Czechoslovakia had the highest standards of living in Eastern Europe but that both faced economic travails.

It said East Germany's future was relatively bright because of its sustained absorption into West Germany, which is expected to pour in huge amounts of aid, trade, investment and technical expertise.

Nonetheless, the east is expected to be a poor sister to the rest of the country, and the Central Intelligence Agency raised the possibility of a renewed surge of people into the eastern sectors of a unified Germany and high unemployment that will lead to political instability in the east.

The new democratic leadership in Czechoslovakia inherited "an outmoded and virtually stagnant economy," the report said, and has embarked on a "modest" program of change to create a mixed economy that preserves the social welfare net and the state-owned industrial sector.

Although Hungary has flirted with economic change since 1988, the CIA report said the country had done little to promote industrial growth, make exports more competitive or reduce its foreign debt.

Romania was described as having an economy "on the brink of collapse" as a result of the "gross personal mismanagement" by Nicolae Ceausescu.

Bulgaria was described as "inching toward market reform" while the CIA report raised questions about Yugoslavia's ability to fully put into effect its economic changes.



First Vice President Anatoli I. Lukyanov, left, and President Mikhail S. Gorbachev at the opening session Wednesday of the Russian Republic's congress.

Gorbachev Facing a Challenge on His Home Turf

By Bill Keller

New York Times Service

MOSCOW — With several republics already tugging loose around the periphery of the Soviet Union, President Mikhail S. Gorbachev faced a strong challenge on Wednesday in the heartland of his domain — the huge, rich and angry republic of Russia.

In the Kremlin, the newly elected Russian Congress of People's Deputies convened for what promises to be a fierce struggle over political and economic control of the biggest and most populous Soviet republic.

The fight was to begin later this week with an attempt by Boris N. Yeltsin, the populist nemesis of Mr. Gorbachev, to be elected president of the republic, on a platform that calls for abolishing much of Moscow's control over Russian affairs. Mr. Yeltsin said to have

about a third of the 1,068 deputies behind him, but the outcome was uncertain because the Communist Party officials expected to compete with him for the job have not generated any enthusiasm.

Supporters of Mr. Yeltsin won a preliminary skirmish on Wednesday night by a single vote, postponing the presidential vote until after Mr. Yeltsin's main rival, Alexander V. Lebedev, has given a report on the state of the Russian economy.

Mr. Yeltsin has been prime minister of the republic for 19 months and is sure to be held somewhat accountable for the economy.

A victory by Mr. Yeltsin would be a personal humiliation for Mr. Gorbachev, who cashiered the maverick Communist from the party Politburo two years ago. It would also seriously endanger the Soviet leader's power over more than half his country's population,

three-fourths of its territory and most of its natural resources.

Mr. Gorbachev takes the challenge so seriously that on Saturday he spent six hours wooing a swing group of legislators, and on Wednesday — although not a member of the Russian legislature — he worked the corridors with a battery of television cameras trailing in his wake.

The Russian challenge comes as Mr. Gorbachev faces continued economic decline, a political impasse over secession moves by three Baltic republics and growing doubt about his popular authority.

The latest indignity came this week when Mr. Gorbachev won the votes of only 61 percent of the party members in his race to be a delegate to the party congress in July, running in a Moscow district, he encountered surprisingly strong opposition from a watch-factory

shop foreman supported by a pro-democracy insurgent group.

"He knows the fate of Russia is the fate of the Soviet Union," said Sergei N. Samoilov, one of the 200 deputies invited in for Mr. Gorbachev's marathon lobbying session Saturday. "And it can go two ways: either toward consolidation or toward division."

Mr. Samoilov, the director of a children's home in Siberia, said Mr. Gorbachev did not criticize Mr. Yeltsin and barely mentioned the three party officials whose candidacies for the post have been endorsed by the party leadership. Mr. Gorbachev seemed to recognize that overt pressure would only backfire.

Instead, the Soviet leader listened to the grievances of deputies and appealed repeatedly for unity. Mr. Samoilov, like many other deputies, said that he was unhappy

with the choice of candidates, fearing that the election of Mr. Yeltsin would lead to instability, but that he was loathe to vote for party-backed candidates associated with the republic's economic decline.

Russia has traditionally been the most powerful and least independent of the Soviet Union's 15 constituent republics. Russians dominated the federal hierarchy of the Communist Party and government, but in exchange the government of the republic itself was downgraded in status, lacking such separate power centers as its own Communist Party and academy of sciences.

As other republics have begun to assert themselves, Russians have begun to demand autonomy over their politics and culture and, most important, their economy.

"Russia is the heartland of the See SOVIET, Page 2

Bush Sees Summit Tensions

Soviets Are Urged To 'Clear the Air' On Baltics Crisis

By David Hoffman

Washington Post Service

WASHINGTON — President George Bush said Wednesday that Soviet pressure on the Baltic republics "has certainly put some tension on the summit" with the Soviet president, Mikhail S. Gorbachev, which is to begin in two weeks.

But Mr. Bush said he would move ahead with the talks and the U.S.-Soviet agenda because "we have a broad agenda of items that we must go forward on, and we've negotiated with the Soviets when all of Eastern Europe was in captivity, and when we had Cold War times."

Mr. Bush said the Soviets could "clear the air fast" by removing the economic boycott against Lithuania.

The unstable situation in the Baltics threatens to derail the Baker-Shevardnadze talks, Page 2.

nia, and he repeated his call for dialogue between Moscow and Vilnius.

But he did not say what, if anything, he would do if the Soviets continued to resist demands by Lithuania, Latvia and Estonia for independence.

At a White House news conference, Mr. Bush acknowledged that details of a strategic arms treaty could probably not be worked out before the May 30-June 3 summit meeting in Washington.

"But if they're not, we're going to keep on, because we want a START agreement, and I'm convinced the Soviets want a START agreement," he said. START is the acronym for Strategic Arms Reduction Talks.

On another issue, Mr. Bush said he would not make a nationally broadcast address laying out his deficit-cutting proposals because he feared it might "inadvertently suggest crisis and frighten markets."

Mr. Bush refused to answer a host of questions about the U.S. budget deficit, saying he wanted to keep the negotiations private. Asked if he would stretch out the balanced-budget law, he said, "I'm

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Kiosk

Recruits Drop Abidjan Revolt

ABIDJAN, Ivory Coast (Reuters) — Paramilitary police regained control of the Ivory Coast's main airport Wednesday after paramilitary recruits who shot it in a pay protest to leave, police sources said.

Abidjan airport, West Africa's busiest, was not immediately reopened, but the police said it was not damaged during the daylong protest that began when about 400 recruits firing rifles and machine guns in the air occupied it.

General News

Segregation will be abolished immediately in most South African hospitals. Page 6.

Manila accused Washington of backing out on promised aid, souring talks. Page 7.

Business/Finance

The Soviet Union was granted observer status at the GATT trade body. Page 9.

U.S. consumer prices increased a modest 0.2 percent in April. Page 9.

Crossword

Page 17.

Dow Jones	The Dollar
2,818.68	DM 1.6458
Down	Pound 1.98
2.77	Yen 151.85
	Franc 5.548



Sammy Davis Jr., the versatile singer and dancer, died at 64. Page 3.



Pat Riley was ejected: His Los Angeles Lakers had been eliminated from the National Basketball Association playoffs. Page 17.

7 in EC Challenge European Bank Plan

By Jacques Neher

Special to the Herald Tribune

PARIS — Seven small countries of the European Community are rebelling against the world's seven largest industrialized countries over key issues linked to the launching of a bank to help rebuild Eastern Europe.

At issue is whether the proposed \$12 billion European Bank for Reconstruction & Development should be kept under the aegis of the European Community rather than the Group of Seven, which includes only four European countries.

The dispute, which centers on the location of the new bank and the man who will run it, is likely to

come to a head this weekend in Paris when representatives of 42 founding members meet to work out final bylaws and structures.

The rebellion, led by the Netherlands, challenges an agreement by Group of Seven members — the

Chairman Helmut Kohl agreed to set up a fund to finance reunification. Page 9.

United States, Japan, Canada, West Germany, Britain, France and Italy — during the International Monetary Fund's spring meeting in Washington this month.

In that timeline accord, France and Britain resolved a long-run-

ning dispute over their respective rankings within the IMF. As a counterpart, the Group of Seven agreed to back London as the site for the bank and to support Jacques Attali, the top political aide to French President Francois Mitterrand, as the bank's first president.

Jaap Weeda, spokesman for the Dutch Finance Ministry, said Wednesday that the seven smaller countries — the Netherlands, Belgium, Luxembourg, Greece, Spain, Portugal and Denmark — would propose an alternative site for the bank "that's not within a G-7 country" when the issue comes up this weekend.

"The smaller EC countries are

very severely disappointed to learn that the four largest countries in the Community have let these questions be decided by the G-7," Mr. Weeda said.

Other proposed sites for the bank, which could employ 500 people initially and perhaps 1,000 later, include Amsterdam, Copenhagen, Brussels and Luxembourg.

A Dutch government source said many other countries among the bank's 42 founding members outside of the European Community were

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In Bow to China, Taiwan Will Allow Talks

By Steve Glain

International Herald Tribune

HONG KONG — Taiwan has made a gesture of reconciliation to China that political analysts call the strongest signal yet that Taipei was willing to bridge the political and economic divide separating the two governments for four decades.

In a surprise move, President Li Teng-hui said that Taiwan would agree to direct talks with the mainland. His statement to legislators on Tuesday, confirmed by a spokesman on Wednesday, is the first such gesture by Taipei.

Defense Minister Han Pei-lun, Taiwan's future prime minister, said Wednesday that he accepted the reality of China as "one country with two governments." It was the first time that a Taiwan official has recognized the existence of the Beijing government.

Mr. Li's remarks were in response to a proposal by Wu Xue-qian, a Chinese vice president, for talks between the Chinese Communist Party and Taipei's governing Kuomintang.

"The dialogue must be within the one-China framework and on a

government-to-government basis with the two sides having equal status," Mr. Li was quoted as saying by a member of the National Assembly.

President Li said he would announce a "forward-looking, ground-breaking China policy" on Sunday, when he is to be sworn in for a second term.

The statements by Mr. Li and General Han are a clear shift by the Kuomintang from its policy of no contact, no compromise and no negotiation with the mainland. Taiwan has forbidden contact

with China since Chiang Kai-shek and his followers retreated to the island after losing a civil war to the Communists in 1949.

Since then, Beijing and Taipei have both claimed to be China's legitimate government.

The Kuomintang has gradually loosened its ban on contact with the mainland since it ended martial law in 1987. Via third-nation stopovers, many Taiwan politicians are allowed to travel to China, while

See CHINA, Page 2

EC-Iran Talks Stir Hope on Hostages

Compiled by Our Staff From Dispatches

DUBLIN — Iranian and European Community officials met for nearly three hours on Wednesday at Iran's request, raising modest hopes of progress toward freeing Western hostages in Lebanon.

Iran's top official on Western European affairs, Hussein Mousavian, swept through the gates of Dublin Castle in a motorcade to meet officials from Ireland, France and Italy.

The meeting was the first with EC officials since Iran appointed an ambassador to the Community in March in a move toward improved trade relations with the West.

Mr. Mousavian described the contacts as "constructive, complete and friendly."

He said his country's strained relations with Britain, which resulted in a cooling of its relations with the EC in February last year, could only improve if London acted to prevent the continued publication of "The Satanic Verses," the Salman Rushdie novel.

He said, however, that EC officials had signaled a desire for closer relations with Iran, adding that the conflict over "The Satanic Verses" had not affected those relations.

EC officials made no statement at all after the talks on Wednesday, at which Ireland, as the Community's current chairman, was the host, along with France and Italy.

Mr. Mousavian denied that his delegation had had any direct contacts with British officials in Dublin. At his press conference, the Iranian delegation chief gave no details of the subject of the talks. But officials close to the EC delegation said the issue of Western hostages in Lebanon had been discussed.

The Iranian delegation stressed that Iran was doing all it could to obtain the hostages' release. The delegation also repeated Iran's desire for help in obtaining the release of three of its own nationals being held in Lebanon.

Irish officials said before the meeting that the talks were likely to focus on Iran's hopes for increased trade. But they said that they planned to raise the plight of the hostages, who are believed to be held by pro-Iranian Muslim groups. The meeting, scheduled to last

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The Japanese and Van Gogh: A Costly Love Affair

By Fred Hiatt

Washington Post Service

TOKYO — The young assistant at the Kobayashi Gallery was not impressed by the \$82.5 million his boss had paid hours earlier for a Vincent Van Gogh painting at an auction in New York.

"The business is the same, whether it's a record-breaking painting or modern Japanese art," the assistant, Toshiyuki Sato, said. "So really, all the attention is rather troublesome."

Indeed, as other demure assistants politely deflected questions from caller after caller on Wednesday, the Kobayashi Gallery seemed an unlikely new symbol of Japan's nouveau-riche power in art.

A small corner room with polished wood floors in the fashionable Ginza District of Tokyo, the gallery was displaying a dozen works by modern Japanese artists, set off by an arrangement of purple Japanese bellflowers

in a small but exquisite 2,000-year-old Chinese vase.

And yet it was Hideto Kobayashi, 44, self-confidently lifting his hand again and again, million-dollar raise after million-dollar raise, who summed the art world on Tuesday with his purchase of Van Gogh's "Portrait of Dr. Gachet" at Christie's auction house.

And it was Mr. Kobayashi, paying more than twice the record-setting \$39.9 million that a Japanese insurance company paid for Van Gogh's "Sunflowers" in 1987, who again raised the question: What is it about Japan, big money and Van Gogh?

"It's not just Japanese," Mr. Sato said. "If it's a beautiful painting, people anywhere will want it, isn't that true?"

It was the Australian entrepreneur Alan Bond, after all, who held the previous record for a painting at auction, having paid \$53.9 million for Van Gogh's "Irises" in 1988. And Tatsuo Sakakibara of Nichido Gallery said

Japan was simply catching up, now that it could afford to do so.

"Compared to the scale of art from all over the world in the Smithsonian," he said, referring to the Washington museum complex, "what's in Japan is still very little."

And yet, other art experts said Japan had an affinity for Van Gogh.

Certainly, despite the recent drop in Tokyo's stock market, no one doubts that Japan now has the economic power to indulge its affections. Japan imported 116 billion yen in art in 1987, 180 billion in 1988 and 280 billion yen — \$1.8 billion at current exchange rates — last year, mostly from France, according to the Tokyo daily Asahi Shimbun.

Many collectors, especially corporations making the big purchases, view art as a handy investment, to add to their portfolio of stocks, bonds and skyscrapers.

"Especially since 'Sunflowers,' Van Gogh has been rediscovered as a very good asset

for investment," said a reporter at Nikkei Art magazine on Wednesday.

Mr. Kobayashi said he bought "Dr. Gachet" for a major company, which might display the painting. He said the company, which he declined to identify, had set no limit on his bid. "They are very pleased," he said.

One rumor moving through Tokyo art circles was that Daishowa Paper Co. had bought the work. A company spokesman said he had heard nothing about it.

But Japan's attraction to Van Gogh does go beyond financial considerations, according to Tokyo art experts.

Noriko Togo, an art consultant who attended the auction Tuesday night, said Japanese, who tend to see romance in noble failure, were lured by the tragic story of Van Gogh's life and suicide, and by the irony of his posthumous success.

The portrait of the melancholy Dr. Paul See AUCTION, Page 2



A detail from "Portrait of Dr. Gachet," which sold for \$82.5 million.

East Germany Dismisses Calls For Single Vote as Premature

Compiled by Our Staff From Dispatches
BERLIN — East Germany dismissed on Wednesday growing West German calls for all-German elections by January, saying it needed time to restore a federal governing system first.

Alarmed by defeats in two West German state elections last week, Chancellor Helmut Kohl's Christian Democratic Party and its junior partner in the governing coalition, the liberal Free Democrats, have urged an all-German election in December or January to take advantage of Christian Democratic popularity in East Germany.

This vote, intended to seal German unification, would supplant West Germany's own general elections that were scheduled for Dec. 2, long before the unity process began with communist's collapse in East Germany last year.

"All this discussion in Bonn is premature," said the East German government spokesman, Matthias Gehler.

He said East Germany was now concentrating on planning elections for reconstituted state governments that would underpin a federal structure similar to West Germany's.

"That is our first priority," he said. Mr. Kohl said Tuesday that he preferred all-German elections soon but would not name a date. He said a date would have to be agreed with East Germany.

He was adamant that West Germany should at least hold its own elections on Dec. 2.

Prime Minister Lothar de Maizière, a Christian Democrat heading East Germany's first freely elected government in 40 years, said Tuesday that elections for a united German parliament were not yet on East Berlin's agenda.

The East German Social Democrats, who have urged caution on the path to unification, on Wednesday lifted their apparent objection to holding early all-German elections.

"We are not against early elections, but believe they should be fully discussed," a party official, Gottfried Timm, said at a news conference.

But Mr. Timm ruled out holding a poll for the whole of Germany in place of West Germany's federal elections scheduled for December, calling the proposal by some Bonn politicians unrealistic.

The Social Democrats, junior members of the East German government, earlier reacted coolly to suggestions in Bonn that joint elections should be brought forward from late 1991, the provisional target.

The acting party leader, Foreign Minister Markus Meckel, said Tuesday that a single German parliament should not be elected for at least a year.

The West German government spokesman, Hans Klein, said that East and West Germany would sign a treaty on economic, monetary and social union in Bonn on Friday. (Reuters, AFP)



Chancellor Kohl of West Germany, left, and Prime Minister de Maizière of East Germany at the European Parliament in Strasbourg on Wednesday during a special meeting on German unity.

WORLD BRIEFS

Bush, Pushing Congress, Says Delay Made Him Reject Loan to Nicaragua

WASHINGTON (NYT) — Trying to force Congress's hand on aid to Panama and Nicaragua, President George Bush said Wednesday that delayed action on a relief package compelled him to reject an emergency loan to Nicaragua. He demanded that lawmakers approve the aid before taking a Memorial Day vacation next week.

Mr. Bush, speaking at a news conference, called Nicaragua's situation "critical," with the government "absolutely bankrupt and sinking" and "democratic forces in the streets." He suggested that failure to pass the pending \$800 million relief package for Panama and Nicaragua would risk destroying "the hopes for freedom in these two fledgling democracies."

The president said he had turned down a request by President Violeta Barrios de Chamorro of Nicaragua for a \$40 million emergency loan. But, turning the blame on Congress, he insisted his "hands are tied" since federal law requires repayment guarantees for such loans and all Nicaragua had to offer was the unapproved aid program.

In Managua, news reports said that a strike by pro-Sandinista unions virtually paralyzed public services for the second day Wednesday, but that workers and the government negotiated through the night and resolved some issues.

Polhill to Have His Larynx Removed

WASHINGTON (Reuters) — Robert Polhill, an American held hostage by Shiite militants in Lebanon for 39 months before his release in April, will have his voice box removed on Thursday after it was diagnosed as cancerous, his doctors said Wednesday.

Dr. Russ Zajtchuk of the Walter Reed Army Medical Center said there was no evidence that the cancer had spread, but that Mr. Polhill, 36, would get radiation treatment after recovering from the surgery.

Doctors said they had determined that a growth on Mr. Polhill's left vocal cord had been there for a year or more. James Stevie, a medical center spokesman, termed Mr. Polhill's attitude very positive. He said the former hostage would have to use a device such as an electronic amplifier to communicate after the surgery.

French Theft of Technology Reported

PARIS (IFT) — U.S. authorities have caught French government intelligence agents stealing computer technology for the benefit of Compagnie des Machines Bull, a state-owned French electronics concern, according to a report in L'Express, a news magazine due to go on sale Friday.

Citing unidentified sources in both countries, the report said France's foreign intelligence agency had infiltrated spies into International Business Machines, Texas Instruments and other U.S. companies in order to obtain trade secrets that could improve the competitive position of Bull, which has suffered mounting losses in recent years.

The operation, uncovered last year, poisoned relations between the Central Intelligence Agency and its French counterpart to the point where the two agencies have stopped swapping sensitive information on industrial and economic subjects, the magazine said.

Britain Starts Inquiry on Cattle Virus

LONDON (Reuters) — Parliament began an inquiry on Wednesday into a virus that has generated concern about the healthfulness of British beef. A bipartisan committee will investigate whether bovine spongiform encephalopathy could affect humans.

More than 1,000 schools have banned beef from their cafeterias and butchers have reported a drop in demand amid fears fueled by the recent death of a pet cat displaying BSE symptoms. A government spokesman said that there was only a "very remote risk to human health."

The virus takes up to five years to incubate and is fatal. An estimated 13,000 cows in Britain are affected, but the government has resisted calls for the destruction of calves born to cows with BSE because there is no evidence that the disease is transmissible in the womb.

Romanians Say 2 Died in Campaign

BUCHAREST (Reuters) — Two Romanian opposition party members have been killed and 113 injured in election campaign violence, an opposition leader said Wednesday. Corneliu Coposu said on television that the dead and injured were all members of the National Front Party he leads. He did not say who was responsible for the attacks.

The ruling National Salvation Front claimed on Monday accusations by opposition parties that its members were responsible for the violence. A spokesman for the Front, Adrian Nastase, said at a news conference that there had been some "regrettable incidents," which the Front condemned. He predicted that the Front and its presidential candidate, Ion Iliescu, would win 60 percent of the vote in elections on Sunday, the first free elections in Romania for 50 years.

34-Nation Environment Plan Assailed

BERGEN, Norway (Reuters) — Environment ministers from 34 industrial nations agreed Wednesday on a declaration on fighting pollution but were accused by activists of selling out to the United States.

In a communiqué issued after three days of talks, participants gave in to a U.S. refusal to make a clear promise of new ozone-protection money for developing nations. No timetable was set in the document for phasing out gases that scientists say could be destroying earth's climate.

Correction

An obituary in the Tuesday edition on Andrei P. Kirilenko, a former member of the Soviet Politburo, misstated his age. He was 83.

TRAVEL UPDATE

Manila Tightens U.S. Flight Security

MANILA (AP) — Security for all U.S. airlines and U.S.-bound planes has been tightened following insurgent threats against Americans in the Philippines, an airport official said Wednesday.

The official, Eduardo Carrascano, manager of the Ninoy Aquino International Airport, said that as of Monday, the number of security personnel assigned to check U.S.-owned and U.S.-bound planes had been doubled and that cargo would undergo rigid examination, including the use of bomb-sniffing dogs. United Airlines, Continental Airlines and Northwest Airlines operate in the country. Philippine Airlines also has direct flights from Manila to Hawaii and California.

United Airlines has begun its first scheduled service to Europe with nonstop flights to Frankfurt from O'Hare airport in Chicago and Dallas airport in Washington. United is seeking French approval to add a Chicago-Paris route in August. (AP)

WEATHER

EUROPE				ASIA			
City	High	Low	Clouds	City	High	Low	Clouds
Amsterdam	54	44	Partly	Beijing	77	67	Partly
Berlin	59	49	Partly	Bombay	86	76	Partly
Brussels	54	44	Partly	Calcutta	86	76	Partly
Copenhagen	54	44	Partly	Hankow	86	76	Partly
Dublin	54	44	Partly	Harbin	86	76	Partly
Frankfurt	59	49	Partly	Hong Kong	86	76	Partly
Geneva	54	44	Partly	Kobe	86	76	Partly
London	54	44	Partly	Manila	86	76	Partly
Madrid	59	49	Partly	Osaka	86	76	Partly
Moscow	54	44	Partly	Seoul	86	76	Partly
Paris	59	49	Partly	Taipei	86	76	Partly
Stockholm	54	44	Partly	Tokyo	86	76	Partly
Vienna	54	44	Partly				
Zurich	54	44	Partly				

AFRICA				LATIN AMERICA			
City	High	Low	Clouds	City	High	Low	Clouds
Algiers	77	67	Partly	Buenos Aires	77	67	Partly
Cairo	77	67	Partly	Caracas	77	67	Partly
Harare	77	67	Partly	La Paz	77	67	Partly
Johannesburg	77	67	Partly	Lima	77	67	Partly
Luanda	77	67	Partly	Medan	77	67	Partly
Nairobi	77	67	Partly	Montevideo	77	67	Partly
Rabat	77	67	Partly	Port of Spain	77	67	Partly
Tripoli	77	67	Partly	Santiago	77	67	Partly
				Sao Paulo	77	67	Partly

NORTH AMERICA				SOUTH AMERICA			
City	High	Low	Clouds	City	High	Low	Clouds
Albuquerque	77	67	Partly	Buenos Aires	77	67	Partly
Anchorage	77	67	Partly	Caracas	77	67	Partly
Atlanta	77	67	Partly	La Paz	77	67	Partly
Boston	77	67	Partly	Lima	77	67	Partly
Buffalo	77	67	Partly	Medan	77	67	Partly
Chicago	77	67	Partly	Montevideo	77	67	Partly
Cincinnati	77	67	Partly	Port of Spain	77	67	Partly
Cleveland	77	67	Partly	Santiago	77	67	Partly
Dallas	77	67	Partly	Sao Paulo	77	67	Partly
Denver	77	67	Partly				
Detroit	77	67	Partly				
Houston	77	67	Partly				
Indianapolis	77	67	Partly				
Jacksonville	77	67	Partly				
Los Angeles	77	67	Partly				
Memphis	77	67	Partly				
Minneapolis	77	67	Partly				
Miami	77	67	Partly				
Mobile	77	67	Partly				
New York	77	67	Partly				
Philadelphia	77	67	Partly				
Pittsburgh	77	67	Partly				
Portland	77	67	Partly				
San Francisco	77	67	Partly				
Seattle	77	67	Partly				
St. Louis	77	67	Partly				
Tampa	77	67	Partly				
Washington	77	67	Partly				
Wichita	77	67	Partly				
Yonkers	77	67	Partly				

THURSDAY'S FORECAST — CHANNING: Sunny, Clear, Temp. 77-67. (10-55) — LOS ANGELES: Sunny, Temp. 77-67. (10-55) — NEW YORK: Sunny, Temp. 77-67. (10-55) — PHOENIX: Sunny, Temp. 77-67. (10-55) — SAN FRANCISCO: Sunny, Temp. 77-67. (10-55) — SEATTLE: Sunny, Temp. 77-67. (10-55) — TAMPA: Sunny, Temp. 77-67. (10-55) — WASHINGTON: Sunny, Temp. 77-67. (10-55) — WICHITA: Sunny, Temp. 77-67. (10-55) — YONKERS: Sunny, Temp. 77-67. (10-55)

Baltic Crisis Clouds Baker's Mission in Moscow

By Thomas L. Friedman
New York Times Service

MOSCOW — Secretary of State James A. Baker 3d and Foreign Minister Eduard A. Shevardnadze began trying on Wednesday to overcome obstacles blocking a series of arms-control agreements, but the increasingly unstable situation in the Baltics threatened to derail their efforts.

At the start of their four days of talks, Mr. Baker and Mr. Shevardnadze agreed that they were still far from resolving the key issues holding up a treaty limiting strategic long-range nuclear missiles.

President George Bush and President Mikhail S. Gorbachev said at their Malta summit meeting in December that they hoped to have the treaty basically finished by the time they met in Washington on May 30.

Mr. Baker said that when he met with Mr. Shevardnadze in Bonn

two weeks ago, he brought some compromise proposals for bridging the differences on strategic arms reduction, as well as on a proposed treaty banning chemical weapons and another limiting conventional arms in Europe.

Mr. Baker said earlier that the Soviets conveyed a largely negative initial reaction to his proposals, most of which dealt with overcoming arms-reduction problems, such as how to limit air-launched and sea-launched cruise missiles.

"We've gotten a preliminary response back that leaves us with some ground still to cover," Mr. Baker said before his meeting with Mr. Shevardnadze.

"There are still a number of issues between us," he said. "Of course it's our desire — I hope it is the desire of the Soviets, they say it is — that we can close the gaps on all of the major substantive issues by the time the two presidents get

together in Washington in only two weeks. But we still have a pretty good road to travel."

Mr. Shevardnadze seconded that view, saying, "Indeed, there is still substantive work to be done."

Before they could even address the arms-control issues, a senior State Department official said the top item on Mr. Baker's agenda at the opening session with Mr. Shevardnadze was the worsening situation in the Baltics.

American officials say they increasingly see the situation in the Baltics as a time bomb that could explode at any moment. They fear that it could disrupt not only the May 30-June 3 summit meeting but also the entire relationship between the Bush administration and Moscow that has been nurtured in the last year.

For instance, State Department officials estimate that oil supplies in Lithuania, where the Soviet gov-

ernment has imposed an almost total energy blockade, will run out, if present rates of depletion are maintained, sometime between May 25 and May 30, just as the summit meeting is beginning.

On May 31, the Soviet parliament is scheduled to ratify the free-emigration laws that the Bush administration stipulated as a condition for waiving trade restrictions and enabling the Soviets to export to the United States at low tariff rates.

But Richard Schifter, an assistant secretary of state for human rights, said Wednesday that the waiver, which Mr. Bush was considering extending at the summit meeting, might also be held up — despite the Soviet passage of the emigration bill — if the crisis in the Baltics remained unresolved.

The U.S. Senate has already passed a nonbinding resolution warning the White House against

seeking a trade-restriction waiver as long as Moscow's crackdown in the Baltics continued.

Yet, although American officials fear that a violent explosion in the Baltics could undermine the summit meeting, they said privately on Wednesday that they were willing to take any harsh measures to try to force the Kremlin into a dialogue with the Baltic leaders, fearing that this would complicate the delicate arms-control negotiations at the moment when they are close to resolution.

That approach seemed clear from the low-key tone of Mr. Baker's remarks.

With Mr. Shevardnadze at his side, Mr. Baker referred to the Baltics and said: "It is not encouraging to us to see the absence of a dialogue. We would like to see this resolved in a peaceful manner. The minister knows this because we have discussed that before."

He said Lithuania would consider declaring a transitional period to independence, following the example of Estonia and Latvia.

Mr. Gorbachev on Monday declared the Latvian and Estonian independence bids null and void. He has so far refused to negotiate with Lithuania until the republic rescinds, or at least suspends, the independence declaration it adopted March 11.

If the Soviet Union "really wants dialogue," Mr. Sakalas said, there could be ground for "mutual results."

He said Mrs. Prunskiene would take with her a copy of the parliament's declaration as well as a letter addressed to Mr. Gorbachev.

But it was unclear whether she would get a meeting either with Mr. Gorbachev or Prime Minister Nikolai I. Ryklovsk, he said.

Mr. Sakalas said the Lithuanians were also prepared to discuss Soviet military installations as well as the question of who owned the republic's large Moscow-run enterprises. These were declared to be Lithuanian property in one of several laws that have angered the Kremlin.

"We're doing this because we don't know what demands the Soviet Union has on Lithuania," Mr. Sakalas said. "We don't know what laws they don't like."

In Riga, meanwhile, a Latvian leader said talks on Baltic independence would start next week with mid-level Kremlin officials.

All three Baltic republics were reported to be calm Wednesday, a day after thousands of anti-independence protesters converged on government buildings in Riga and Tallinn, the capital of Estonia. (Reuters, AP)

CHINA: Taipei Signals Flexibility

(Continued from Page 1)
Increasing numbers of businessmen are forging links there. To expedite such contact, Taiwan on Wednesday announced it was legalizing indirect investment and trade, which would allow Taiwan manufacturers to build factories on the mainland through foreign subsidiaries. Indirect business had been considered illegal, although trade officials have long looked the other way.

Political and economic momentum on both sides of the Formosa Strait appear to favor some kind of formal reconciliation, but Mr. Li's remarks still came as a surprise.

"Mr. Li will often come out with something unexpected," said Ting Tin-yu, a professor of sociology at the National Taiwan University and the chairman of a prominent polling organization.

Mr. Ting said it was difficult to tell how serious Mr. Li may be about negotiating with Beijing. He said that the reference to a "government-to-government" dialogue was vague, since it did not address Beijing's long-standing proposal of recognizing Taipei only as a provincial government. But he said the fact that Mr. Li made the statement was significant.

"It proves he is thinking of the possibility of peace negotiations," Mr. Ting said. "If he wants to change the system, he's got to start sending out signals now."

Mr. Li also sidestepped the matter of whether direct negotiation should lead to reunification, championed by Kuomintang's rightists, or to independence, which has increasing support among young

Lithuania Taking Case To Moscow

Compiled by Our Staff From Dispatches

MOSCOW — Prime Minister Kazimiera Prunskiene of Lithuania will go to Moscow on Thursday hoping to present President Mikhail S. Gorbachev with a new offer on independence talks, a Lithuanian deputy said Wednesday.

The deputy, Aloyzas Sakalas, said from Vilnius that the Lithuanian parliament had voted to offer the Kremlin new concessions, including a possible suspension of laws that support the Lithuanian declaration of independence.

"We can't rescind the independence declaration," Mr. Sakalas said. "What can be rescinded are the consequences. We're not declaring a suspension, just proposing it."

He said Lithuania would consider declaring a transitional period to independence, following the example of Estonia and Latvia.

Mr. Gorbachev on Monday declared the Latvian and Estonian independence bids null and void. He has so far refused to negotiate with Lithuania until the republic rescinds, or at least suspends, the independence declaration it adopted March 11.

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IRAN: Talks in Dublin With EC Officials of Stir Modest Hope on Hostages

(Continued from Page 1)

two hours, went on for nearly three. In a related development, an Iranian newspaper, the Tehran Times, said Wednesday that because of what it termed the American "big daddy" attitude, Iran would not resume ties with Washington despite settlement of financial claims dating from the 1979 Islamic revolution.

In the first reaction from Tehran to the weekend agreement settling some 2,750 financial claims, the paper said the accord did not amount to a goodwill gesture from Washington.

"The important thing, however, is that the accord opens the way for talks to settle the \$11 billion Iranian

claim against the United States related to military agreements violated by America after the success of the Islamic revolution," it said.

Payment for the broken military contracts "may be considered a U.S. goodwill gesture," said the English-language daily, which is close to President Hashemi Rafsanjani.

Washington disputes Iran's claim, saying that the military equipment blocked by the revolution is not worth more than a billion dollars. (AP, AFP, Reuters)

■ **British Cite Rushdie**
Craig R. Whitney of The New York Times reported from Dublin: British officials in London said before the meeting on Wednesday

that until the death sentence against Mr. Rushdie was disavowed, there was little they could do to establish normal relations with Iran, despite their wish to talk about such prominent hostages as Terry Waite, the Church of England official taken hostage three and a half years ago.

Britain broke off diplomatic relations with Iran in March 1989 after Ayatollah Ruhollah Khomeini called for the assassination of the British author, Mr. Rushdie's novel, "The Satanic Verses," has stirred protests from Muslims around the world.

It was reported from Beirut on Tuesday that Mr. Waite was alive

but recovering from an illness and receiving medical care.

Iran and Syria are the two countries with closest relations to the Islamic radical groups believed to be holding prisoners from Britain, Belgium, West Germany, Italy and the United States.

At a meeting with his Irish counterpart, Gerard Collins, at the United Nations on April 24, the Iranian foreign minister, Ali Akbar Velayati, discussed issues including the case of a British-Irish teacher, Brian Keenan, who is a hostage.

Mr. Velayati also renewed a pledge that Iran would try to help secure his release, according to Foreign Ministry spokesmen in Dublin.

SOVIET: Yeltsin's Bid

(Continued from Page 1)

Soviet Union, but it's also the most misinterpreted of the republics," Mr. Samoilov said. "All the structures of state administration are missing."

Even Mr. Vlasov, a lifelong party functionary and Gorbachev protégé, told Pravda, the Communist Party daily, on Saturday that he favored "the exclusive right of Russia to dispose of all natural resources."

The republic produces virtually all of the Soviet Union's timber and nickel, 90 percent of its oil and most of its natural gas, aluminum, paper, gold, diamonds and furs. These resources account for a huge share of the country's foreign-currency earnings.

"The situation in the Baltics and in Russia has led to a lot of people becoming more leftist," said Vladimir A. Rebrovsk, a Moscow policeman, commenting on Mr. Vlasov's conversion to the idea of economic sovereignty.

Mr. Rebrovsk, who said he would vote for Mr. Yeltsin, favors even greater Russian independence, including the right to override laws passed at the federal level.

Several non-Russian republics, including the Baltics and some in the Caucasus Mountain region, have already declared their right to ignore federal law. The prospect of Russia's doing likewise — something that appears to have a large following in the Congress — alarms many federal officials.

Budget Jockeying: Bush Rejects Address

By David E. Rosenbaum
New York Times Service

WASHINGTON — President George Bush has opened budget negotiations with Congress by refusing a request from the Democratic congressional leadership that he make a broadcast address outlining the nation's economic problems and putting forward his own remedy.

In the first session of the talks on Tuesday at the White House, Mr. Bush said a sense of political caution prevented him from explaining the severity of the budget deficit to the public or from offering a sweeping solution of his own.

Although the meeting was closed to reporters, several people who were in the room said Mr. Bush expressed concern over creating a financial panic if he were to describe the depth of the problem without presenting a solution.

The president added that if he were to offer a solution before a deal was struck with Congress, it would be rejected and the country would be no better off than if he had said nothing.

Participants said neither side touched on the pivotal question of whether tax increases would be required to reduce the deficit, which the budget director, Richard G. Darman, has said could explode as high as \$190 billion in the next fiscal year.

Since the question of higher taxes was not discussed, the politically sensitive question of who would first broach the subject was left unresolved.

The meeting was described as an inconclusive get-acquainted session full of partisan maneuvering and free of disputes. What jousting there was centered on the question of whether the president would take public responsibility for financial sacrifices that might be required.

The White House press secretary, Martin Fitzwater, quoted Mr. Bush as telling the legislators that no crisis was at hand but that "it is important to act while the economy is still growing, for growth is not as strong or secure as it should be."

After Mr. Bush's presentation, he called on several of the 21 legislators around the table in the White House Cabinet Room to make presentations of their own. It was at this point that Mr. Bush was chal-

lenged by the Democrats to make his case publicly.

"Foley, Gephardt, Rosten, Mitchell," said Representative Silvio O. Conte of Massachusetts, a Republican negotiator, calling off the names of some of the Democratic participants. "They sounded like a broken record. They asked the president to go on television and lay this all out."

Mr. Bush waited until the end of the meeting to turn down that suggestion. The Democrats did not challenge the president directly, but many of them said in the meeting that they would not be able to sell belt-tightening to their constituents without his help.

In the end, Mr. Conte and other legislators said, the president

promised to go out of his way to help negotiate an agreement and to persuade the public of its worth. But he said he would not hold an immediate news conference or make a major speech on the subject because he did not want to affect the financial markets adversely.

Democrats said after the meeting that they were not satisfied with Mr. Bush's refusal to make a public statement.

"There is still a sense of unease and an expectation on the part of the Democrats that the administration will take the leadership role and lay out its solutions," said Senator Jim Sasser, Democrat of Tennessee, the chairman of the Senate Budget Committee.

The Democratic view is that the urgency of the problem is a result of an unrealistic budget that Mr. Bush sent to Congress in January. He said that reduction of the deficit to \$64 billion, as required by the Gramm-Rudman-Hollings balanced budget law for the fiscal year that begins in October, could be accomplished without higher taxes or painful spending cuts.

The administration's figures were based on economic projections that were much more optimistic than those of private economists and the Congressional Budget Office, whose forecasts have since proven to be accurate.

Austrian Pushed Under N.Y. Subway

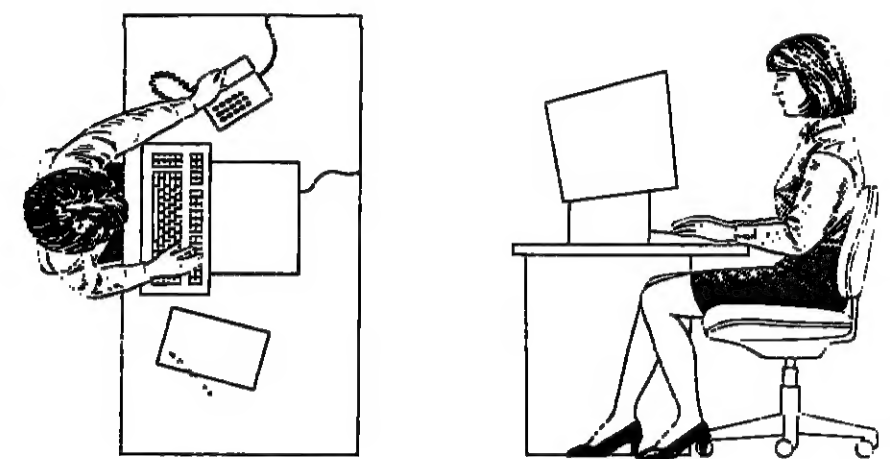
New York Times Service

NEW YORK — An Austrian student was pushed under a subway car in the New York borough of Queens on Tuesday and survived with a broken leg and pelvic injuries. The police said her attacker fled.

The victim, Christa Neumann-Spallart, 26, a hotel and restaurant management student, underwent

surgery on her right leg and her condition was listed as satisfactory. Miss Neumann-Spallart told the police that while waiting for a train she saw a man sitting on a bench and that when the train pulled into the station, the man shoved her.

She landed in a trough between the running rails, and the first car of the train passed over but did not hit her. She was able to crawl out.



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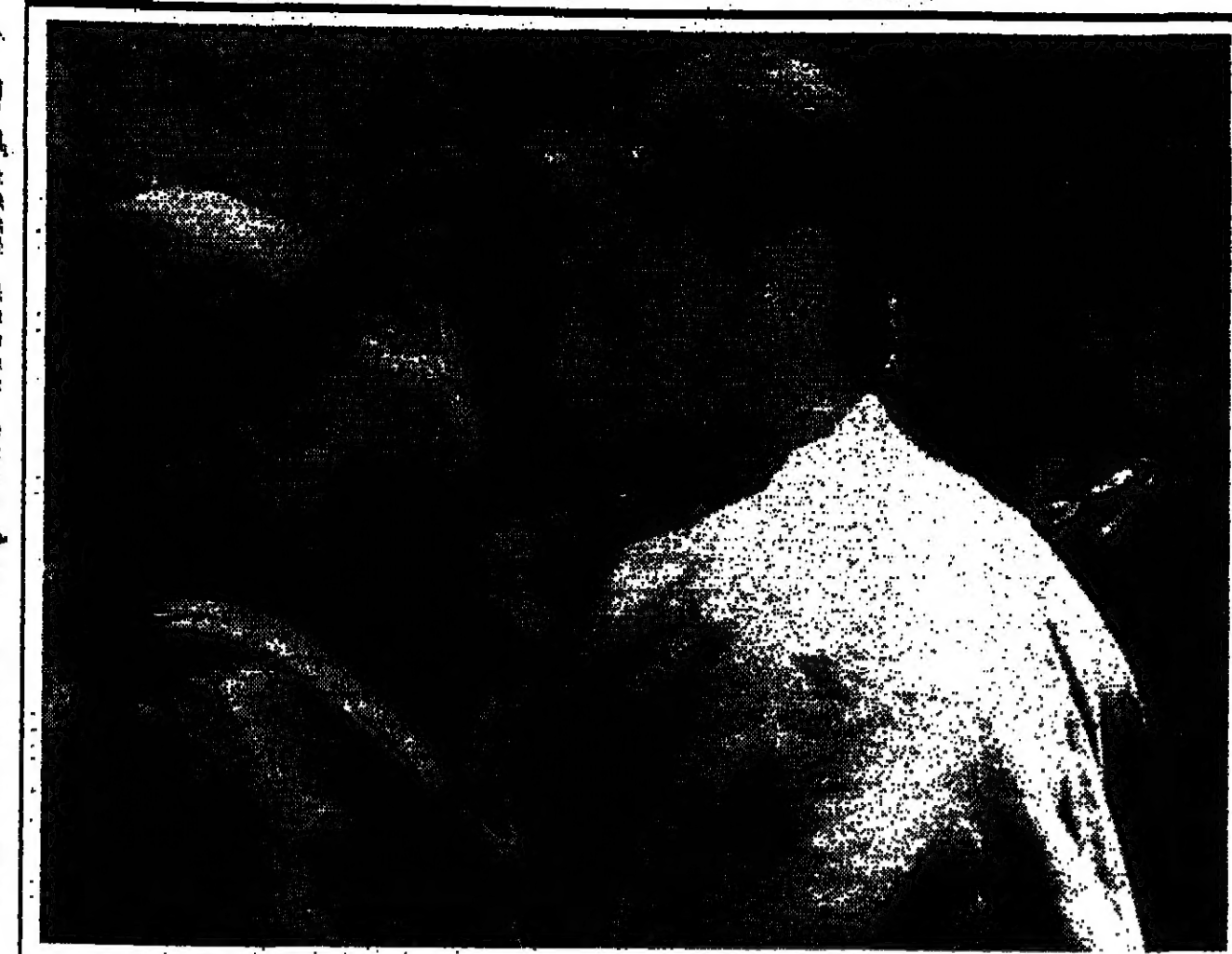
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AWAITING A VERDICT IN NEW YORK — Tempers flaring as two juries deliberated nearby in the Brooklyn Supreme Court on the fate of white youths accused in the August killing of a black youth. Jurors in the trial of Keith Monello, in their seventh day, have twice told the judge that they are deadlocked on some of the 16 charges, which range from murder to menacing.

Lockerbie Study's Hit-Back Advice: No Easy Task

By George Lardner Jr.
Washington Post Service

WASHINGTON — The call by the President's Commission on Aviation Safety for more vigorous action against terrorist groups and their state sponsors is easier said than done, according to experts concerned with the problem.

They said the use of military force is always an option when deciding what to do in response to a terrorist attack.

The commission's recommendations may have been "historically more satisfying than realistic," said T. H. Arnold, a former deputy director of the State Department's Office for the Coordinator for Counterterrorism.

In concluding its inquiry into the 1988 explosion of Pan American World Airways Flight 103 over Lockerbie, Scotland, the seven-member panel appointed by President George Bush last summer placed much of the blame on a "seriously flawed" aviation security system, beginning with inept and confused Pan Am security at Frankfurt and London and compounded by the failure of

the Federal Aviation Administration to enforce its rules.

"The destruction of Flight 103 may well have been preventable," the commission said.

It urged the government to adopt a policy of "zero tolerance" for terrorist attacks and to enforce it with a "heightened emphasis" on making state sponsors of terrorism pay a price for their actions.

In that context, the commission recommended "planning, training and equipping for direct preemptive or retaliatory military actions against known terrorist hideouts in countries that sanction them."

"We already do that," Mr. Arnold said. "There is already a lot of planning and equipping going on," added a State Department official, and "not just in special forces."

The best-known example of the use of U.S. military force in response to terrorism took place in 1986 when President Ronald Reagan ordered air strikes against Libya and its leader, Colonel Muammar Gadhafi, in retaliation for the bombing of a West Berlin discotheque frequented by American servicemen. The government had intercepted communications that it said showed Libyan involvement.

In addition, Mr. Arnold said, the disco attack was part of a pattern of activity by Colonel Gadhafi. Mr. Arnold said the colonel "was planning 30 or more different attacks in various countries, many, but not all of them, against us."

A task force headed by Mr. Bush when he was vice president agreed in March 1986 — a month before the Libyan raids — that retaliation was warranted in specific cases. He said it would be appropriate "where it could be surgically done" but not when it would "wantonly destroy human life."

In the Pan Am 103 bombing, Mr. Arnold said there was "ample evidence" to justify going after Ahmed Jibril's Popular Front for the Liberation of Palestine-General Command, the prime suspect. But he suggested that "the window of opportunity" had closed, partly because news organizations made the evidence widely known.

To use military force "without the world

taking it amiss," Mr. Arnold said, "the evidence has to be fresh and reasonably demonstrable, not something people have heard over and over again."

He also said he thought the military option was still "on the table" if new evidence should come up against the Palestinian group, or against Syria, where the group has its headquarters, or Iran, which is widely believed to have ordered the bombing because of the 1988 downing by U.S. forces of an Iranian Airbus over the Gulf.

At the same time, Mr. Arnold said, "a democratic society must hold itself to a strict standard of evidence in such cases."

"Being a law-abiding citizen can be a frustrating business. But when you fall off that perch, you fall over a very high horse. That was what bothered me when I read the commission report."

The panel said "the idea of holding ourselves in all cases to a criminal standard of proof before we act" was "unacceptable." But when asked what "lesser standard" they would use, the commission's chairman, Ann McLaughlin, cited only "national-security considerations."

Mr. Henson's characters on "Sesame Street" and "The Muppet Show" were for children but there also was a strong appeal to adults as millions of television and movie viewers discovered them.

Besides Kermit the Frog and Miss Piggy, Mr. Henson created such favorites as Big Bird, the Cookie Monster, Oscar the Grouch, Fozzie Bear and Bert and Ernie.

Last year Mr. Henson sold the rights to the Muppets to the Walt Disney Co.

Mr. Henson was born in Greenville, Mississippi, and his family moved to Maryland when he was a young boy. He grew up in Hyattsville and attended the University of Maryland, where he studied puppetry.

It was there that he met his future wife, Jane, a student in his puppetry class. They began to work up an act with puppets and marionettes and won a place on a TV show in the college town.

The five-minute stint of "Sam and Friends" started Kermit the Frog and attracted attention first in Washington and then New York, where they soon were featured on the "Today" show.

"The Muppet Show" became a reality after they took it to England and it turned into a hit. It then moved to the United States where it was syndicated.

Casper J. Schoener, Veteran N.Y. Reporter
POINT PLEASANT, New Jersey (AP) — Casper J. Schoener, 71, known to fellow reporters in New York and the mayors he wrote about as Joe Schroeder, died here Wednesday.

He was long a reporter for The Associated Press at City Hall in New York. In 39 years with the AP and five years before that in the old City News Association, Mr. Schoener covered police, labor and political news.

U.S. Plans to Send Haiti \$18 Million in Food Aid

Agence France-Presse

WASHINGTON — The United States will provide \$18 million in food aid to Haiti and has an additional \$13 million in assistance awaiting congressional approval for the country's move to democracy.

The Bush administration called on Congress on Tuesday to approve the bill, which includes \$10 million for short-term needs such as fuel and food and \$3 million in support for elections later this year.

Sammy Davis Jr., Entertainer, Dies of Cancer at 64

By Peter B. Flint
New York Times Service

SAMMY DAVIS JR., 64, a versatile and dynamic singer, dancer and actor who overcame extraordinary obstacles to become a leading American entertainer, died of cancer Wednesday in Beverly Hills, California.

He was born in a Harlem tenement, grew up in vaudeville from age 3 and never went to school. His talents — as a mime, comedian, trumpeter, drummer, pianist, vibraphone player, as well as singer and dancer — were shaped from his childhood and eventually made him one of the first black performers to gain national acclaim.

With heavy jewelry around his neck and on his fingers, and clad in a sung jumpsuit or tuxedo, the short, slim showman with a broken nose, slant jaw and big, crooked smile had a rakish charm that energized stages for decades.

He sold out leading nightclubs and concert halls, won personal triumphs in such Broadway musicals as "Mr. Wonderful" (1956) and "Golden Boy" (1964), played in movies and on television and made scores of hit recordings such as "What Kind of Fool Am I?" "Candy Man," "Mr. Bojangles" and "I've Got a Be Me."

The triumphs were punctuated by sometimes ugly controversies — abuse and slurs by whites, particu-

larly over his marriage to a white actress, May Britt; resentment by blacks over what they viewed as his white lifestyle; and widespread skepticism over his mid-1950s conversion to Judaism.

Mr. Davis also endured major health setbacks. He lost his left eye in a near-fatal 1954 auto crash, had reconstructive hip surgery in 1985 that enabled him to dance again and was found last year to have throat cancer.

He underwent radiation treatments for a carcinoma growing behind his vocal cords.

The debilitating illness and treatment prompted 26 of his fellow entertainers to salute his courage and longtime efforts to lower racial barriers in a two-and-a-half-hour television tribute Feb. 4, 1990.

The frail but indomitable Mr. Davis could speak only in a whisper, but he rose to do a soft-shoe step to a standing ovation.

Only a year earlier, he had announced his defeat of alcohol and cocaine.

He completed a global tour with Frank Sinatra and Liza Minnelli (who filled in for an ailing Dean Martin).

Mr. Davis admitted to compulsive carousing and reckless gambling and spending (\$30 million over 20 years while earning \$3 million a year) and excessive drinking and smoking.

With characteristic bravado, he once again hailed himself as a reformed man, boasting of sobriety with such irony as "The hardest thing is waking up in the morning and realizing that's as good as you're going to feel all day."

Yet there was a more private side to Mr. Davis.

The entertainer eschewed publicity while taking part in civil rights marches and contributing generously to humanitarian causes.

His many awards included induction into the Hall of Fame of the National Association for the Advancement of Colored People, honorary degrees from black colleges, and a Kennedy Center honor for career achievement.

Sammy Davis Jr. was born to Sammy Davis and the former Elvira Sanchez on Dec. 8, 1925, in a Harlem tenement.

He was brought up by his father's mother, Rosa Davis, while his parents, both vandervillians, were on tour. In his third year, he joined the troupe on the Orpheum circuit with his father and an adopted uncle, Will Martin.

Jim Henson, Puppeteer
Who Created the Muppets
NEW YORK (UPI) — Jim Henson, 53, the puppeteer who created the Muppets, died Wednesday in New York of a "massive bacterial

infection," a hospital spokesman said.

Mr. Henson's characters on "Sesame Street" and "The Muppet Show" were for children but there also was a strong appeal to adults as millions of television and movie viewers discovered them.

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Rehnquist Asks Limits On Death-Row Appeals

By Linda Greenhouse
New York Times Service

WASHINGTON — Declaring that the system for handling death-penalty appeals in U.S. courts verges on the chaotic, Chief Justice William H. Rehnquist has issued his most direct call for passage of a bill to place strict limits on appeals by death-row prisoners.

The chief justice, who has made the death-penalty issue a centerpiece of his tenure as head of the federal judiciary, tried and failed two months ago to win full support for the proposal from a group of the country's most senior judges.

On Tuesday, he took his message outside the immediate judicial family to an audience at the heart of the legal establishment. He addressed the annual meeting here of the American Law Institute, a group composed primarily of law professors and leading practitioners who usually study such matters as corporate structure and securities law.

But the chief justice's ultimate audience was Congress, which is soon to begin debate on several competing proposals to amend the law governing the habeas corpus jurisdiction of the U.S. courts.

In a habeas corpus petition, a prisoner challenges the constitu-

tionality of the conviction or the sentence.

The law sets no limit on the number of petitions each inmate can file.

In recent years, more than half of all state court death sentences have been overturned by U.S. courts during habeas corpus proceedings.

The chief justice said a lag of seven to eight years between sentence and execution in the average death penalty case represented a "serious malfunction in our legal system."

He said that as a result of multiple, and often overlapping, habeas corpus petitions, "at no point until a death sentence is actually carried out can it be said that litigation concerning the sentence has run its course."

As he has over the last eight months, the chief justice endorsed a proposal put forward in September by a special committee of U.S. judges that he set up to study the habeas corpus issue.

The committee, headed by Lewis F. Powell Jr., the retired Supreme Court justice, recommended that death-row inmates generally be allowed only one habeas corpus petition in the federal courts, after habeas corpus review in state court.

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INTERNATIONAL
Herald Tribune
Published With The New York Times and The Washington Post

Keep Pressing Beijing

By releasing 211 political prisoners in jail since the post-Tiananmen crackdown, Beijing has eased some of the suffering wrought by its repressive ways. It has also refuted the facile myth that Chinese leaders cannot be influenced by outside pressure to respect minimal human rights. At the moment, Beijing is interested in persuading Washington to renew preferential trade access to U.S. markets. To that end, it is prepared to free individual political prisoners. It is not, regrettably, prepared to countenance more freedom for society as a whole. Still, the lesson seems to be that deft application of diplomatic carrots and sticks can bring further marginal gains.

China has far to go. Hundreds of political prisoners remain behind bars. Fang Lizhi and his wife, Li Shuxian, are still trapped in the U.S. Embassy. And while Beijing may release more prisoners before the U.S. debate on trade privileges ends in June, it offers "leniency" only to those who recant pro-democracy views.

Pending broader progress, international pressure should be sustained. That is best done by renewing China's trade privileges for another year. Without these privileges, formally known as most-favored-nation status, prohibitive tariffs would deter American purchases of Chinese goods.

Export industries now sustain China's southern coastal provinces and special economic zones. These are the urban areas where Deng Xiaoping's economic reforms sank their deepest roots. They are also, if they continue to enjoy economic dynamism, seedbeds for future democracy movements.

Most-favored-nation status is also vital to the survival of democratic culture in Hong Kong, which rejoins China in 1997. Hong Kong's economy now depends on manufacturing in mainland enclaves. By extending these trading privileges, subject to annual renewal, Washington maximizes its diplomatic leverage to press for further change.

That leverage is worthwhile only if it is used. It was Congress's forthright criticism of Chinese repression, not the Bush administration's apologetic mumbling, that brought last week's gains. Continued outspokenness and continued most-favored-nation status is the right formula for further change.

—THE NEW YORK TIMES

Philippine Connection

New talks have opened with the Philippines on whether to renew the military bases treaty expiring a year from September. The prospect is for something other than the usual difficult but manageable negotiations on terms of renewal. The 1987 constitution requires Philippine territory to be free of foreign bases and nuclear weapons after 1991 unless a Senate-approved treaty or a popular vote permits otherwise. These negotiations constitute the principal medium of diplomatic interchange between the two countries, and Philippine nerves have been rubbed raw on the sensitive issues of sovereignty, security and money. This week saw bitter expressions of offended nationalism on the part of the struggling Manila government, the murder of two more American soldiers by the guerrilla left and demonstrations in the streets.

In all this just the unpleasant cost of doing business — for a small colony still much dependent on its erstwhile colonial master and for a superpower intent on conducting a "forward strategy" on the Asian Pacific rim? Washington entered the negotiations calling for a "renewed strategic partnership." But strong forces are tugging Americans as well as Filipinos to look beyond maintenance of the status quo. The sense of Soviet threat is fading. Washington

is in arrears on "rent" and is increasingly reluctant to pay the sums the Philippines asks. Nearly 100 years after the United States succeeded Spain as the colonial power, considerable numbers of Filipinos find the bases grating and not worth the funds and jobs they generate.

The United States pronounces itself ready to pull out if asked. It also is prepared to join the Philippines, if the Philippines is so minded, to discuss middle-ground alternatives involving restricted Philippine sovereignty, civilian revision and joint use. It makes sense for both countries to explore new possibilities before a provocation or a political swell creates a crisis. Each side is sparring for negotiating advantage, but there is still an opportunity to probe the pluses and minuses and the methods of shifting an old friendship to a new foundation. Carefully adjusting the American bases preserve some part of a security connection that the United States still finds useful — although not indispensable — to support large-scale naval and air operations in the Pacific and Indian oceans. Done the right way, removal of the American sovereign presence could add an element of mutual respect and make that connection fit the new political times.

—THE WASHINGTON POST

Censoring U.S. History

It is hardly a secret that the Central Intelligence Agency helped arrange the 1953 coup in Iran that restored the shah to his Peacock Throne. When the deed was done, His Imperial Majesty offered this toast to Kermat Roosevelt, then head of the CIA's Middle East operations: "I owe my throne to God, my people, my army — and to you!" The tale is told in Mr. Roosevelt's memoir, "Counterattack," published in 1979 and widely available.

Yet, incredibly, the agency's role has been fastidiously expunged from a State Department history, "Iran, 1952-1954," a new volume in the ostensibly authoritative series "Foreign Relations of the United States." This is "Hamlet" without the Prince of Denmark — or the ghost.

The department's spokeswoman, Margaret Tutwiler, tried vaguely to excuse the excisions by pleading the need to comply with a 1981 executive order on declassifying documents. But that order allows considerable latitude on disclosure. The blame lies with State's reluctance to go to the mat with the CIA's fussy custodians of intelligence secrets.

So argues Warren Cohen, a Michigan historian who resigned in protest as chairman of the department's advisory committee on diplomatic documentation. As Mr. Cohen notes (see his article on this page), at the very moment that Moscow is coming clean on Stalin's massacre of Polish officers, Washington is putting out history in the old Soviet mode.

An approach more fitting to a free society is urged by Claiborne Pell, chairman of the Senate Foreign Relations Committee, and David Boren, chairman of the House Select Committee on Intelligence. They agree that it may occasionally serve national security not to disclose old documents. But, they say, any deletions "should occur only rarely, and after a thorough and informed review by qualified historians to assure that the omissions are genuinely necessary."

By adopting such sound advice, Secretary of State James Baker would enhance the good name of his department and restore the integrity of its much valued series on American diplomacy.

—THE NEW YORK TIMES

Other Comment

China: Back to the Future

One year ago this month, Mikhail Gorbachev went to Beijing for a historic summit, only to find that history had upstaged him with a vengeance on Tiananmen Square. The Soviet leader must have come away wondering whether the pro-democracy fever sweeping Beijing might be catching in Moscow. Yet Mr. Gorbachev went home and pressed on with perestroika, despite the social and political turmoil it was bound to create.

Since shadow leader Deng Xiaoping opened China's door in 1979, he and his colleagues have failed to understand fully just what forces were unleashed. The dispensation of Zhao Ziyang installed countless reformers who set in motion changes — economic and political — that are about as easy to stop as a hurtling express train. Many of those who reached positions of influence during Mr. Zhao's tenure — particularly in such on-the-move provinces as Fujian and Guangdong — have survived supposed purges of liberals. Although Mr. Zhao is out of sight and reputedly in poor health, his torch remains intact. The energetic pluralism he loosed has barely begun.

—Asiaweek (Hong Kong).

Vietnam Can't Walk Away

[On Saturday] Vietnam will celebrate the 100th anniversary of the birth of Ho Chi Minh, [its] first president. To the estimated

63 million Vietnamese, it will be a party without much joy. Fifteen years after the end of the Vietnam War, Vietnam is still one of the poorest countries in the world. Once considered a hero by many Third World nations for its victory over the French and later the Americans, it is today treated as an international pariah for its invasion of Cambodia. Once its citizens uselessly sacrificed themselves to defend the country against foreign power. Today the same state people are being driven from their homes, many as refugees.

If there is to be salvation, Hanoi must recognize the causes of its fall from grace. Flashed from victory over the mighty Americans, the Vietnamese leadership believed it could take on the rest of the world. Instead of focusing on rehabilitating the war-ravaged country, Hanoi sought to bring "genuine independence" to the rest of Southeast Asia, meaning to "communist" these states. A measure of how low Vietnam's standing has sunk is shown in skepticism that greeted its proclamation last September that all its troops had withdrawn from Cambodia.

Having created the Cambodian problem, Vietnam cannot just walk away. If [Hanoi] is to regain credibility with the international community, it will have to contribute to lasting peace in Cambodia, not merely a decent interval to save face. One way is to help create conditions necessary for holding free elections in which all the Khmer parties can participate on an equal footing.

—The Straits Times (Singapore).

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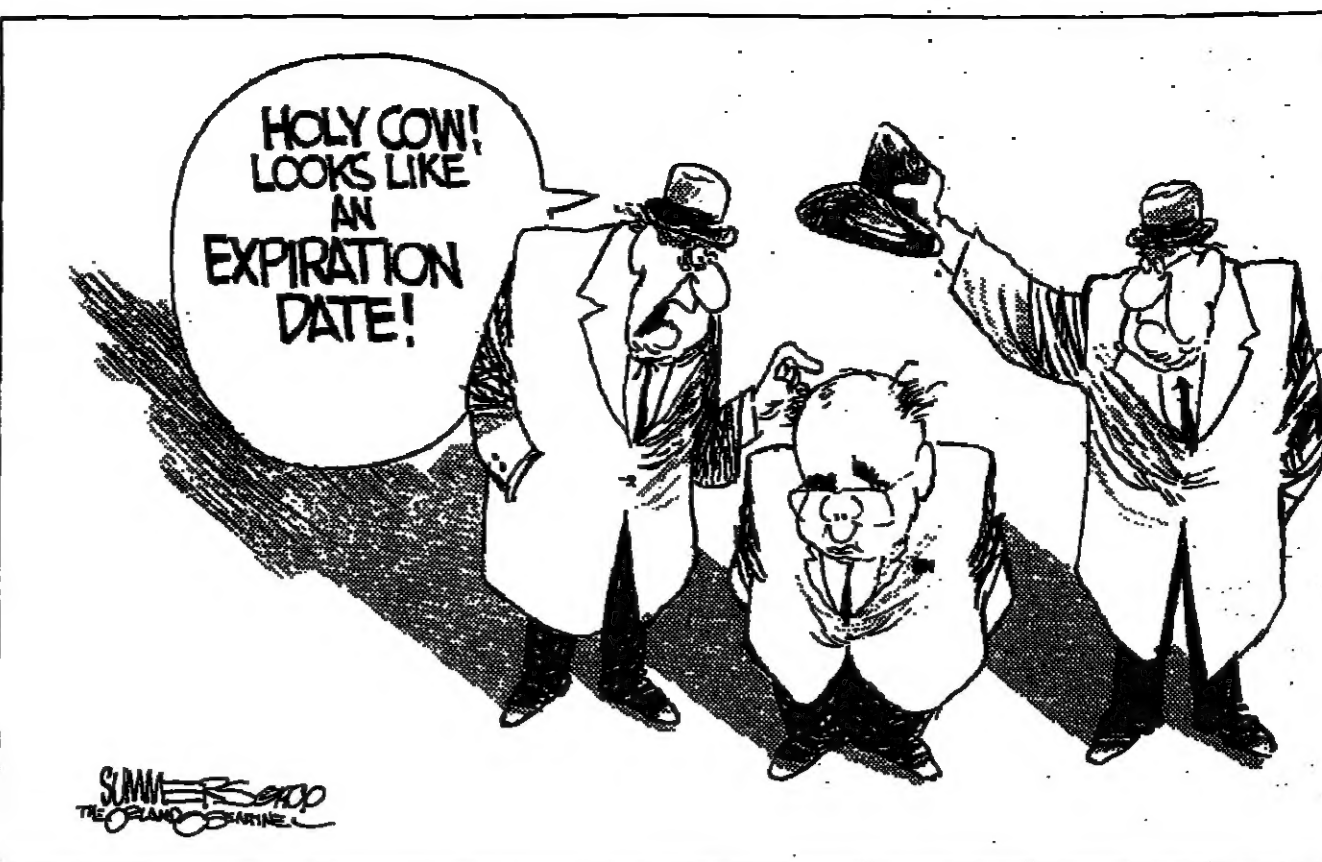
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OPINION



No, China's Frightened Old Leaders Aren't Deaf

By Jim Hoagland

PARIS — What do the rulers of China fear?

Why are they letting it be known that they intend to use force in international waters against a radio ship that plans to beam nothing more provocative than rock music and news broadcasts at the Chinese population?

Why do they find it "inconvenient" for Western journalists who dispute their version of what happened in Beijing a year ago to obtain visas to enter China right now?

Why have they assigned agents to track the dispirited Chinese exiles who have made their way to Europe, or the scores of diplomats and others who have deserted their posts out of disgust with the repression and reversal of economic reforms by the present government?

The answer to these questions is fairly evident. These are the actions of a failing regime that knows it is on the verge of collapse, a massive popular explosion, or both. These are old

men who have lost control over the events they have set in motion.

But a bigger mystery remains after these questions are dealt with: why the Bush White House cannot see the weakness of Deng Xiaoping's regime and its irrelevance for the future. That is, why does the administration continue to shape its policies and actions around the irrational fears of Beijing's old men?

For nearly a year, George Bush has held out the promise that his continued expressions of friendship and support for the Deng leadership would get China to modify its harsh internal policies and contribute to world stability. Neither has happened. China has recently stepped up arms shipments to the Khmer Rouge guerrillas despite U.S. requests to cool it in Cambodia. This disclosure shows the complete futility of U.S. policy on China.

The only argument left to Washington to justify extending most-favored-nation trading status to China for another year is that this will dissuade China from helping the Khmer Rouge even more, or from doing other beastly things. This argument closely resembles the administration's rationale for protecting Iraq's Saddam Hussein from economic sanctions. He is too dangerous to anger, Bush aides tell the press.

But this is a protection racket thinly disguised as diplomacy. The Chinese and the Iraqis let Uncle Sam know that they will do really bad things if he makes them mad. So President Bush agrees that America can't risk making them mad. It pays up. Al Capone would have turned green with envy.

While supporting Lithuania's historic right to self-determination and meeting Lithuanian officials with

out regard to Mikhail Gorbachev's sensitivities, the Bush administration refuses to offer the same support to Tibet and to its courageous leader in exile, the Dalai Lama. Question for President Bush's next press conference: Why?

Or how about this one: What is the administration's only visible response to Beijing's implied threat to sink or board the Goddess of Democracy radio ship, which plans to broadcast into China programs that are consciously modeled on TV Martin's penetration of Cuban airwaves? Answer: To voice concern about violence not to Beijing but to Taiwan, which can provide vital logistical support to the dissident ship.

State Department officials say they are not trying to intimidate Taiwan into keeping the democracy ship out of its waters. But one Taiwanese official interprets a U.S. message as hinting that if Taiwan gets into a confrontation with Beijing over the ship, the United States will not come to Taiwan's aid.

This would be an astonishing betrayal of Taiwan, especially after Mr. Bush personally intervened in January to block a Taiwanese effort to reduce its dependence on the United States in defense matters. He telephoned French President François Mitterrand to ask him to cancel the sale of six light frigates to Taiwan, a deal that had already been approved by the French government, according to two authoritative sources.

It was assumed at the time that Mr. Mitterrand had unexpectedly bowed to pressure from Beijing. In fact, he accepted Mr. Bush's argument that regional stability would be boosted by keeping Taiwan's military on a tight U.S. supply leash. His own close personal relationship with Mr. Bush also influenced Mr. Mitterrand's positive response to the request.

It is a shame that Mr. Bush does not have similar influence with Mr. Deng, who has ignored his appeals to be reasonable in the name of friendship and allied interests.

But the Chinese leadership does hear outsiders, and reacts. I found this out by applying for a visa to return to China a year after coveting the Tiananmen demonstrations. After a long delay, I was told that my visit would be "inconvenient" now. And as the world learned last June 4, being "inconvenient" to China's leaders inside China is something to avoid.

The Washington Post.

Fiction From the State Department

By Warren L. Cohen

EAST LANSING, Michigan — The State Department is playing games with history. The result is that thousands of scholars, journalists and diplomats who depend on the renowned series of documents on foreign policy known as "Foreign Relations of the United States" can no longer trust its reliability.

At least one volume published last year, "Iran, 1952-1954," was a fraud, a gross distortion of American activity. It says nothing about the CIA's role in overthrowing Prime Minister Mohammed Mossadegh and restoring the shah. Do we think we are hiding this from the Iranians?

That is why I resigned as chairman of the State Department's advisory committee on historical diplomatic documentation. I wrote to Secretary of State James Baker that I could not protect the integrity of the 130-year-old series. Besides, his staff staged an agreement to provide the committee with the information it needed to prevent further damage to the credibility of the record.

Delays have been caused by an overly elaborate, costly declassification process that encourages distortion and coverup. Besides the secretiveness of the CIA and the National

The writer, a professor of history at Michigan State University, resigned in protest on Feb. 15 as chairman of the State Department's advisory committee on historical diplomatic documentation.

Security Council, a few State Department Neanderthals try to hide every minor indiscretion.

At a time when Moscow is disclosing terrible secrets, including Stalin's massacre of 15,000 Polish prisoners in the Katyn Forest, and when we are flooded with documents from East European archives, the U.S. government has determined the reputation of its own documentation. It is hiding 30- to 40-year-old "secrets" and publishing a misleading record.

Before this scholarship is treated with the contempt that has long greeted most of its foreign equivalents, steps must be taken to restore the integrity of these volumes. The State Department should immediately implement an agreement negotiated last year that restores the advisory committee's access to material withheld from publication in order

to enable it to determine whether such omissions distort the record.

To prevent future obstruction, Congress should speed up the declassification process, which has slowed from getting 20-year-old documents in the '60s to, at best, 30-year-old documents in the '80s.

Congress should require the State Department to form a committee to review all documents that are withheld on national security grounds. The members ought to include organizations represented on the advisory committee — among them, the American Historical Association, the Organization of American Historians and the Society for Historians of American Foreign Relations. The committee should contain representatives of the Foreign Service Association, of the media and of staffs of congressional committees concerned with foreign affairs. All members would be required to obtain security clearances. The department would retain responsibility for determining what is to be published.

It is not in America's interest that foreign governments and U.S. citizens suspect that the State Department is in the fiction business.

The New York Times.

Is the Purpose of Europe to Make Europe Poor?

By Peter V. Huggler

ZURICH — A crucial issue is now raising basic questions about the European Community: the struggle around the most important manufacturing sector in the industrialized world — the auto industry.

Six European car producers — Volkswagen-Audi, Fiat, Peugeot-Citroen, Ford Europe, General Motors Europe and Renault — control about 75 percent of the EC market and produced profits last year of over \$9 billion. The Japanese market share is less than 11 percent. When it comes to automobiles, most of Europe is today a protected market. In Britain, the Japanese are limited through "voluntary" restraints to 11 percent of the market. In Italy there is practically a ban on Japanese car imports, and France keeps Japanese imports to 3 percent of the market.

If one talks with senior officials in Brussels about the purpose of the European Community, the conversation moves rapidly to the car industry. What are the plans in Brussels? Our Euro-friend becomes more frank: Europe needs a breathing space from these aggressive competitors. If imports from the fully automatic Japanese high-technology plants increase too quickly, European industry cannot survive. The French minister for European affairs, Edith Cresson, talks about the "murder of the European car industry."

But don't the Japanese, in some categories, make better cars, which the European public seems to prefer? No, the Eurocrats say, the reason for the success of the Japanese automobiles is an aggressive pricing policy and the fact that the Japanese work too much. European manufacturers are simply not in a position to face this competition. There must be restrictions that will have to include "Japanese" cars made in Europe.

Why should "Japanese" cars that are produced in British plants, by British workers, under British management, financed by British banks, assembled from more than 80 percent European components also be subject to restrictions?

The Japanese car industry is sim-

ply too strong, and Europeans can survive only if they are protected from Japanese competition.

Forever.

No, for a brief, transitory period. Ten years ...

Nobody will dispute that the free movement of goods, services and capital between countries must be a main target of international economic policy. Laws for industrial products or protection of the environment and laws related to commerce, investment and economic crimes must be unified. It is also entirely reasonable that the countries of Europe take on this difficult task together.

If, however, this unification of law is limited to Europe, it will lose much of its sense. It is, for example, much more important for West Germany to agree with Japan on unified regulations concerning electronic products and automobiles than for West Germany to agree with Greece.

Do we really believe that Europe, in order to compete with North America and the Pacific countries, must become one big economic bloc? Is it not that the leaders of today's Europe, like the field marshals of European history, are fighting new battles with the strategies and weapons of the previous war?

Experience proves that you do not have to be part of an economic bloc to be successful in the world economy. The contrary is the case. Great continental markets like the United States have made its inhabitants look inward and may have prevented them from participating in world competition.

Among the great success stories of modern economic history are Japan and Taiwan. The latter doesn't even have diplomatic relations with most of its trading partners. The world's greatest growth area, the Pacific, is, with the exception of Japan, separated into small, relatively autonomous markets, and there are no indications that the ASEAN states can or even want to establish a common market.

Hong Kong, Switzerland and Sweden are other examples of individual combatants in the world economy that have done quite well.

The spirit that prevails now in Brussels is the spirit of 18th century mercantilism. What is important to-day in the world economy, however, is not control over markets but control over technology — over software in the widest sense, over innovation — and the will of the entrepreneur to go out of his country and face international competition.

It is not across the governmental negotiating tables but in the factory, the development laboratory, the planning department and the office of the faraway client that an entrepreneur has to do battle, step by step, day by day. In this age of the world enterprise, no European industry can be protected from competition.

The example of the United States shows that the surest way to ruin industries is to protect them. American calculations have shown that the protection of U.S. industries costs the consumer \$70 billion per year.

Discussions in Brussels and Paris about the collaboration of Daimler-Benz with Mitsubishi show the futility of following national economic strategy in a global economy. One can limit imports and foreign investments, and perhaps restrict the sale of "foreign" products made in local factories. How to prevent an international collaboration involving a powerful local industrial group that is strong enough to protect its interests is another matter. In the age of the global market, an international enterprise can no longer be prevented from acting internationally.

During the last 20 years we have seen the withdrawal of Europe from Asia. With few exceptions, the field has been left to Japanese and American competitors. But pressure to modernize the European economy has to come from the Pacific, mainly from Japan. If European industry wants to remain at world level, Europe must also hold its positions

in America to prevent the loss to international competition of its market shares there in machine tools, high quality textiles, chemicals and perhaps one day pharmaceuticals. The withdrawal of Renault and Volkswagen from manufacturing in the American car market is a clear warning.

To prevail in the world economy means to compete with the best in the most difficult markets.

Europe must play the role for which it is made, thanks to its diversity, its creativity and its worldwide prestige. Only a Europe open to the world can truly be European. If, on the other hand, the forces that are trying to turn Europe inward prevail, a most uncertain future for the EC must be anticipated.

The writer is founder and chairman of Interalliance Bank Zürich AG. He contributed this comment to the International Herald Tribune.

U.S. Deficit: Bearable Medicine

By Alice M. Rivlin

WASHINGTON — President George Bush and leaders of Congress have a splendid opportunity to enhance their political popularity. If they can agree on a credible plan for eliminating the federal deficit over the next several years, they can strengthen the American economy, restore faith in the democratic process and prove cynics wrong.

The media's obsession with the painful aspects of deficit reduction — tax increases and spending cuts — has obscured the fact that eliminating the deficit would make Americans better off. The positive effects of deficit reduction — falling interest rates, rising stock prices, more affordable housing, increased private and public investment, stronger exports — could be dramatic, especially in the long run.

Massive federal borrowing has kept interest rates high for a decade, much higher, after allowing for inflation, than in the '70s. If the government reduces its borrowing, more funds will be available for the rest of us and rates will fall. If, after several years, it stops borrowing and begins retiring even a small part of the debt, Americans can expect a long period of low interest rates, perhaps a return to the era of the 6 percent mortgage.

Falling interest rates give relief to families with variable-rate mortgages. Many families then realize that they can afford better housing. Home builders and renovators respond. Construction employment rises. Sales of cars, furniture and appliances rise in response to more home building and more favorable financing.

Falling interest rates send stock prices up. Borrowing and equity financing are then less costly for business. Expanding or modernizing the plant, fixing up the store, undertaking more advanced research, developing new products — all become more attractive when financing is cheaper. The much criticized short-sightedness of business — caring more about the next quarter's earnings than the company's long-run health — may change when lower interest rates make future orientation more affordable.

With borrowing costs reduced, state and local governments can plan a longer view. They can afford to modernize transportation and other public facilities. In the long run, Americans will all live better because private and public investment will increase the economy's productivity.

Other benefits of eliminating the deficit include lowering dependence on foreign capital and making U.S. exports more attractive. The U.S. trade deficit will shift to a surplus; instead of remaining the world's number one debtor, America will become a net lender abroad, earning income on U.S. investments abroad and having more say in how the world develops.

No benefits come without cost. Americans have not been paying enough taxes to cover the cost of services, that is why the government has borrowed so much. This situation can be fixed only by raising taxes or reducing spending, which alienates voters.

But the pain of deficit reduction need not be great if spread over several years and distributed broadly over a large number of taxpayers and benefit recipients. Plans like Representative Dan Rostenkowski's are fair and relatively painless. Everyone gives up a little and nobody is hurt very much.

Many tax increases and spending cuts have politically attractive aspects. Higher energy taxes, phased in gradually, could provide greater fuel efficiency, less pollution and lower dependence on foreign oil. Reducing farm subsidies could mean cheaper food. Cuts in the military would be applauded by those who consider today's defense spending wasteful and ill-matched to current threats.

America urges fledgling East European democracies to adopt painful economic programs involving large-scale unemployment, cuts in real incomes of people who are barely making it — all in the name of instituting a more efficient and productive market economy. Yet American politicians apparently fear that voters are too shortsighted to accept the far less painful measures needed to make America's economy more efficient and productive.

This week's budget "summit meeting" offers a chance for America's political leaders to show their faith in the public's intelligence and good sense and prove that the governmental system that Americans urge on others can still work for them.

The writer, an economist at the Brookings Institution, is a former director of the Congressional Budget Office. She contributed this comment to The New York Times.

100, 75 AND 50 YEARS AGO

1890: Teutonic Women

PARIS — The Herald says in an editorial: It is reported that a hundred young ladies of New York have formed a military company, and imported a Prussian to drill them. They evidently selected a Prussian as the only sort of drill master sufficiently stolid to confine his attention to his professional duties. The uniform consists of an electric blue blouse, a verdigris green skirt reaching to the knees, and close fitting pink silk coverings. The new company is expected to prove very efficient in case of a riot, as its members will forcibly walz with every rioter they capture.

1915: Aliens Rounded Up

LONDON — Now that the rounds-up of unwanted enemy aliens in England have begun, with the result that a great number of German, Austro-Hungarian and Turkish subjects have already been removed to places where no harm can be done either to

them or by them, the anti-alien riots which have caused so much damage throughout the country have now virtually subsided. The Government's decision is generally approved, and order appears to have been definitely restored in London.

1940: Blitzkrieg 'Serious'

PARIS — The German High Command threw everything it could pack into the Sedan-Mezeres sector yesterday [May 16]. From destroyed the situation was officially described as serious. A war movement was on, in a supreme effort. The French filled in the holes. Blitzkrieg methods and the German total disregard of expense of men and material failed to gain a decision. But Hitler damped in more men, planes and tanks. He blasted again and again, particularly between Namur and the extended Maginot Line. Rumors swept through Paris. Premier Paul Reynaud dashed all of them. The French government was remaining in Paris.

OPINION

Don't Blame Me, It's My Genes

By Charles Kranthammer

WASHINGTON — Richard Berenson resigned as president of American University after being accused of making obscene telephone calls. How harsh and primitive — the punishment, that is — writes Dr. Kenneth Grundfest, and how ignorant.

"Recent research on obsessive-compulsive disorders is revealing that genetic factors and biochemical imbalances can predispose certain individuals to behave in abnormal ways," Dr. Grundfest explains in *The Washington Post*. Add "stress" to "a genetic predisposition" and "people can be forced to do things that they ordinarily would not want to do."

The good doctor intends not just instruction ("some aberrant behavior is caused by abnormal DNA sequences within an individual's chromosomes") but by the moral lapses commonly described as wickedness, hostility or turpitude, but frank exonerations: "The tragedy is ours more than his. We may be the weak and misguided, not Berenson." Out of scientific ignorance we blithely assume that Mr. Berenson should be responsible for his actions.

Owing, no doubt, to a DNA abnormality that renders me highly allergic to medical nonsense, I had a violent reaction to Dr. Grundfest's argument. My genetic predisposition, moreover, is aggravated by the stress of a brief career as doctor and psychiatrist during which I witnessed the dispensation of near toxic doses of medical bamboozlement. I have tried to face my problem. I have tried getting in touch with my feelings, but I get no answer. I am therefore not responsible for the interpenetration of what follows.

Not very long ago, when someone did something awful, like murder or rape, a loud liberal chorus would explain that because of childhood deprivation, poverty, racism, what have you, the criminal was not responsible for his actions. Society — a sick society — made him do it.

This mode of exculpation, environmental exculpation, was rather popular in the guilt-ridden '60s and '70s, but is now in decline. We have now a new model of exculpation. It is shiny, scientific and designed for the guilt-free '80s and '90s: Nature made me do it. The beauty of this excuse, and hence its popularity, is that it is highly adaptable to middle-class malfeasants whose white-collar crimes cannot plausibly be blamed on a wretched environment. They are blamed instead on disease.

Pete Rose has recently discovered that he is a victim of gambling addiction, syndrome 312.31 in the *Diagnostic and Statistical Manual (DSM III)* of American psychiatry. Dr. Grundfest rushes to defend Mr. Berenson on the basis of a long-distance diagnosis of obsessive-compulsive disorder, diagnosis 300.30 in *DSM III*. (To Mr. Berenson's credit, he has not made this argument, and had the honorable good sense to step down regardless.)

The mayor of Washington, Marion Barry, arrested for cocaine possession,

Always Blaming America

In response to the editorial "Japan Isn't the Problem" (April 25):

I am fed up with advice that we Americans should always blame ourselves, because foreigners are never the problem.

I wanted to ship my car from the United States to Hong Kong and was willing to pay Hong Kong's prohibitive import duty. Could I do it? No. Why not? Because the U.S. car was left-hand drive. What's wrong with left-hand drive? It is "unsafe" in Hong Kong.

If one wants to drive a U.S.-made car in Hong Kong, one must not only pay the prohibitive import duty but also convert it to right-hand drive. The conversion is costly and makes the car less maneuverable and less safe.

Instead of criticizing Hong Kong's unfair restriction on imports of U.S.-made cars, some Americans might justly ask: Why blame the foreigners? Why not blame Detroit for failing to make a certain percentage of right-hand drive cars?

THOMAS HUI
Hong Kong

Where Is the Leadership?

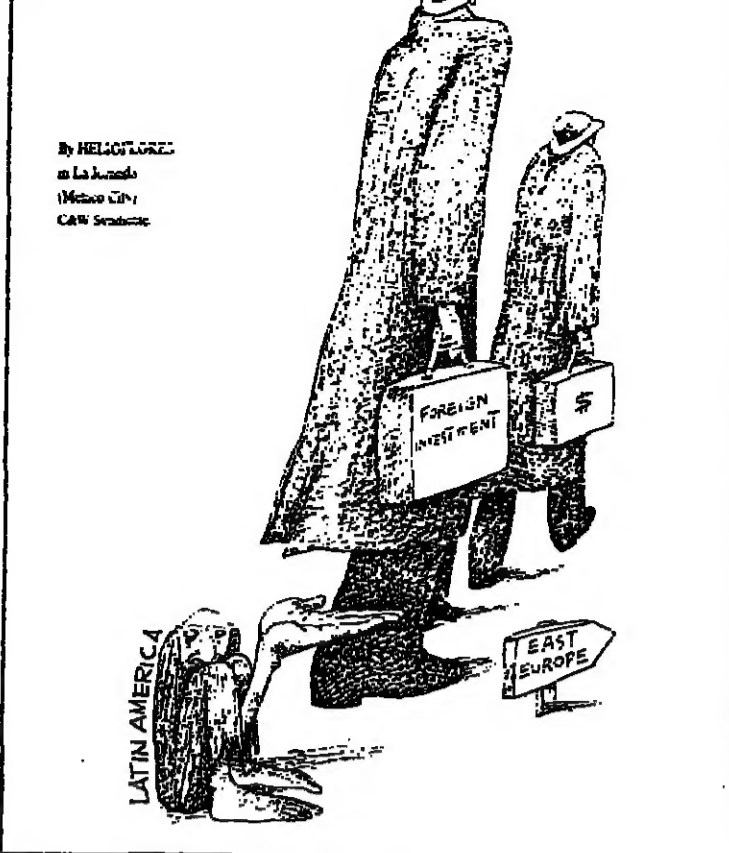
The article by Cyrus R. Vance and William Gleyston Jr. on the U.S. "alliance" with Japan ("Make the U.S.-Japan

logical correlates. We are, for example, now discovering genetic correlates of violence — and yet a civilized society does not let a serial killer off the hook on the grounds that he was under a lot of stress at the office. This principle is so elementary that, were it not so abused, I should be embarrassed to spend 900 words defending it.

One man who has quietly defended the notion of individual responsibility is Representative Barney Frank, Democrat of Massachusetts. Mr. Frank is a Washington rarity, a man who handled scandal with class. His is not a body possessed by alcoholism or some other convenient disease. Mr. Frank explained his scandalous behavior (engaging a prostitute) honestly, as a response not to some uncontrollable impulse, inherited misadventure or newly minted syndrome, but to the loneliness of a middle-aged gay.

Republicans on the House ethics committee want Mr. Frank condemned for conduct reflecting discredit on the House. Representative William Dannemeyer, Republican of California, plans to introduce a resolution to expel Mr. Frank. It would be a fitting comment on the posturing that passes for ethics in Washington if the one man who refused to hide behind some medical alibi and took responsibility for his actions should be the one man run out of town.

Washington Post Writers Group



By HELLOLORE
in La Jolla
(Mexico City)
CARTOONISTS

LETTERS TO THE EDITOR

Always Blaming America

In response to the editorial "Japan Isn't the Problem" (April 25):

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THOMAS HUI
Hong Kong

Where Is the Leadership?

The article by Cyrus R. Vance and William Gleyston Jr. on the U.S. "alliance" with Japan ("Make the U.S.-Japan

ness Alliance Work," *Opinion*, April 9) is a simple yet profound plea for normality in this bilateral relationship. Yet it omits one essential element: White House leadership. The Bush administration should be doing more to highlight the present and potential strengths of the U.S.-Japanese relationship. With such leadership, the Vance-Gleyston recommendations will be fulfilled. Without it, we shall see unending backing and filling, without the kind of results that both countries need and which would affect the rest of the world as well.

GILBERT H. SHEINBAUM
Colombo

Reason to Fear Germany

Regarding "Notions of Genetic Guilt Don't Help Europe Today" (*Opinion*, April 27) by Heinz Rühner:

When the writer berates "one-sided" interpretations of modern German history, surely he does not mean to suggest that there are two sides to the Holocaust; that the harsh conditions of the Versailles Treaty or the failure of Hitler to win a majority in the Reichstag somehow nullified German war crimes.

Mr. Rühner's assertion to the contrary, many do have reason to fear even a democratic Germany. So long as Helmut Kohl panders, for even a second, to extreme nationalist sentiment regarding the Polish border, so long as

the Federal Republic permits former SS operatives to seek public office, so long as a younger generation sees the Nazi brutality as no more than one misdeed among many, the world has the right to be skeptical and watchful.

JEFFREY BOLDT
Rome

Anything but Democracy

Regarding "From Jordan, a New Bid to Free the Dove" (*Opinion*, April 28):

Once, Arab leaders invoked the danger of communism as a pretext for staying in power and getting Western support. Now they speak of Islamic fundamentalism. Don't you think the answer to their problems is simply establishing real democracy? They could start with Jordan.

A. MAKHOLOU
Paris

PLO and Palestinians

Regarding "How Baghdad Could Begin to Lower the Tension" (*Opinion*, April 26):

Abe Nathan misleadingly states that the Palestine Liberation Organization is "the only legitimate representative of the Palestinians."

Who has decided, when, and where, that the PLO alone represents the Palestinians? Sure, it terrorizes, beats up and

murders those Palestinians who do not wholeheartedly cooperate. Sure, it carries out bomb outrages that cause untold suffering to hundreds of innocents. Sure, it lurks in ambush, financed and armed to the teeth with ill-gotten riches, a threat to civilization and a guarantee that if it ever succeeds in taking over, Palestinians will be as free under Yasser Arafat as Ethiopians are under Haile Mariam Mengiste.

M. A. CATTANEO
Milan

They Were Warned

I share the joy and optimism engendered by the release of Robert Pollitt and Frank Herbert Reed. However I am, frankly, dismayed by Mr. Reed's anger over the continued detention of other hostages and by partisan outcries in Britain and other countries demanding further governmental efforts to free those held in Lebanon.

The war in Lebanon has been going on for 16 years now. From the outset it was clear that Western residents and visitors enjoyed no special immunity from the war's many dangers, including the well-established practice of hostage-taking. Most governments, in fact, warned their citizens of the dangers of staying in Lebanon long before most current hostages were taken. Those who ignored those warnings and have suffered the conse-

quences thus have no standing to complain that not enough is being done.

Carrying out coherent governmental policy in this complicated region is difficult enough without having to waste time, resources and bargaining chips to free people who for their own reasons and benefit ignored warnings and good sense by staying in Lebanon.

MICHAEL DRESSLER
Mijas, Spain

A Message for Bronfman

Edgar Bronfman, president of the World Jewish Congress, said at the recent meeting of Jewish leaders in Berlin, "We Jews have always believed that we have a special mission — to be a light unto the nations." I am writing on behalf of myself and 18 other members and friends of the Jewish Group, Berlin (*Jüdische Gruppe Berlin*). We would like to urge Mr. Bronfman to try to use all his influence on the U.S. government to stop all military and financial aid to Israel as long as peace talks continue to be rejected and obstructed, and until a peace process is really under way.

We are convinced that financial pressure on the part of the United States is the only way of persuading the Israeli government to begin discussions with the Palestinians.

RUTH JACOBS
Berlin

Civilizations in Sync

By Max Lerner

NEW YORK — I have been reading Rian Malan's "My Traitor's Heart," a young white South African's tormented account of his effort to come to terms with the bitter divisions in the land his Boer forefathers helped build. He quotes a sentence from Ryszard Kapuscinski's "The Emperor": "And you must know this law of culture: Two civilizations cannot know and understand each other well."

Mr. Malan's own conclusion is as bleak. Yet the book's despair has been

that these two civilizations, in the second 45 years of the century, would join in a friendly and peaceful competition?

Yet, with all the Japan-bashing and America-bashing, it is happening. Here are two civilizations, each uniquely itself. One cherishes a long feudal past, with homogeneous roots of family and clan, honor and chivalry, tightly garled in their rocky island solo. The other broke from a Europe of feudalism and dynastic monarchies, gathered diverse cultures from the farthest reaches of the earth, and ties them loosely in a celebration of equal access to shared freedoms.

At first, after the war, Japan was the civilizational borrower from America, politically, economically, technologically. More recently, America has perforce swallowed its pride of being "first among equals" and is searching for what it can borrow culturally from Japan's formidable productive and marketing performance, and therefore from Japan's culture. The Japanese had to swallow their pride much earlier, eating the bitter fruit of their past excesses, enduring decades of diplomatic isolation and military self-limitation, from which they are only now beginning to emerge.

It was a mystical German thinker, Oswald Spengler, in his "Decline of the West," who first asserted the proposition that civilizations are tight units, impermeable to any true understanding of each other. Yet here are two former enemies, now allies, bound to each other despite war and past history.

It is a prime case of fruitful discourse between great civilizations. Despite the seriousness of the clash over Iraq, it should be seen in the context of a more profound affinity that can be of prime importance for the coming century.

I use the term "civilizations" rather than the overused "great powers." There is more than power involved in the new world that is opening for both. Despite all the media bragging, it will not be an "American century," an "Asian century" or a "European century." It will be the century of an interconnected, transnational world. It is a world in which inhuman ideas are collapsing of their own rottenness, and shared humanizing ideas will have a chance to flourish.

I am not saying that power no longer counts between and within civilizations. It can yet prove costly, in the form of ethnic confrontations, racial hatreds, religious wars. Yet power is also assuming new forms — the microcosm within the computer chip, the overriding role of human capital and human ideas, the hungry sweep of a man-made astronomer's lens over God-made constellations, the creativeness of science and technology that are not themselves human but can multiply human powers, the need to channel and check that technology for the conservation of the earth we inhabit.

I add, in the fullness of time, the imperative of constructing a world order.

So Spengler was wrong after all. Even while civilizations remain very much themselves, they are proving happily permeable to each other.

Los Angeles Times

OIL & MONEY
ASIA & THE PACIFIC

SINGAPORE, JUNE 11 - 12, 1990

The second annual conference co-sponsored by the International Herald Tribune and The Oil Daily

JUNE 11	JUNE 12
09.00 OPENING KEYNOTE ADDRESS H.E. G. Aghazadeh, Minister of Petroleum, Iran	09.00 U.S. ENERGY POLICY AND THE ASIA-PACIFIC The Hon. W. Hansen Moore, Deputy Secretary of Energy, U.S. Department of Energy, Washington, D.C.
09.45 THE PACIFIC IN THE 1990s: WHERE THE HOPE & THE RISKS LIE Dr. Mohamad Noordin Sopiee, Director-General, Institute of Strategic and International Studies, Kuala Lumpur	09.45 OIL INDUSTRY IN THE 1990s: A CORPORATE VIEW Speaker to be announced
10.30 Coffee	10.30 OVERVIEW OF THE CRITICAL ISSUES IN THE ASIA-PACIFIC PETROLEUM MARKET Dr. Feridun Fesharaki, Leader of the Energy Program, East-West Center, Honolulu
11.00 THE GLOBAL PETROLEUM OUTLOOK: CHANGING PERSPECTIVES Dr. Herman T. Franssen, Economic Advisor of the Minister of Petroleum & Minerals, Oman	11.10 Coffee
11.30 Edward N. Krapels, President, Energy Security Analysis Inc., Washington, D.C. Bart Lotgering, Director, Supplies & Trading, Shell Eastern Petroleum (Pte) Ltd., Singapore	11.30 THE OUTLOOK FOR MARKETING Moderator: Roger H. Osborne, Managing Director, Seapac Services Ltd., Hong Kong Ichiro Yokose, Member of the Board, Mitsubishi Corp. Tokyo
12.30 CHALLENGES FOR THE PETROCHEMICAL INDUSTRY Kevin P. Lynch, President, Amoco Chemicals Far East Ltd., Hong Kong	12.30 Jennifer A. Allen Jr., President, Mobil Sales & Supply Corp., New York
13.00 Lunch	13.00 John S. Paul, General Manager, Asia-Pacific Region, Phibro Energy (Singapore) Pte. Ltd., Singapore
14.15 U.S. WEST COAST OIL MARKET: INTERACTIONS WITH THE ASIA-PACIFIC REGION Roger C. Beach, President, Refining & Marketing Division, Unocal Corp., Los Angeles	14.30 OUTLOOK FOR THE ASIA-PACIFIC MARKET Moderator: Robert G. Reed III, Chairman, President and CEO, Pacific Resources Inc., Honolulu
14.45 JAPAN'S PETROLEUM POLICY: AN UPDATE Masataka Sase, Director, International Energy Policy Division, Agency of Natural Resources and Energy, MITI, Tokyo	14.45 Tan Sri Datuk Azizan bin Zainal Abidin, President, Petronas, Kuala Lumpur
15.00 Masayoshi Namba, General Director, Japan National Oil Corp., Tokyo	15.00 Dr. Anat Arbabshirani, Governor, Petroleum Authority of Thailand, Bangkok
16.00 Tea	16.00 Manuel A. Estrella, President, Philippine National Oil Co., Manila
16.15 NEW TECHNOLOGIES: ENVIRONMENT, REFINING & SHIPPING G. Quincey Lumsden, Director, Oil Markets Development, International Energy Agency, Paris	16.15 H.S. Chang, President and CEO, Kulkong Oil Co. Ltd., and President, Korea Petroleum Association, Seoul
16.45 Gerrit Stoffregen, Director, Paktank International B.V., Rotterdam	16.45 P.K. Sudrajat, Division Head, Research & Planning, Directorate of Processing, Pertamina, Jakarta
17.00 Richard Stivers, Manager, Planning & Product Development, UOP Inc., Des Plaines, Illinois, USA	17.15 OPEC UPDATE Dr. Subroto, Secretary General of OPEC, Vienna
17.45 Summary of Day 1	17.15 CONFERENCE SUMMARY Dr. Feridun Fesharaki, Leader of the Energy Program, East-West Center, Honolulu
18.00 Cocktails	17.30 Close of Conference

REGISTRATION INFORMATION: The fee for the conference is US\$750. This includes lunches, a cocktail reception and post conference documentation. Fees are payable in advance and will be refunded less a US\$75.00 administration charge for any cancellation received in writing on or before June 1. We regret there can be no refund should you cancel after June 1. Substitutions can be made at any time.

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Herald Tribune

THE OIL DAILY

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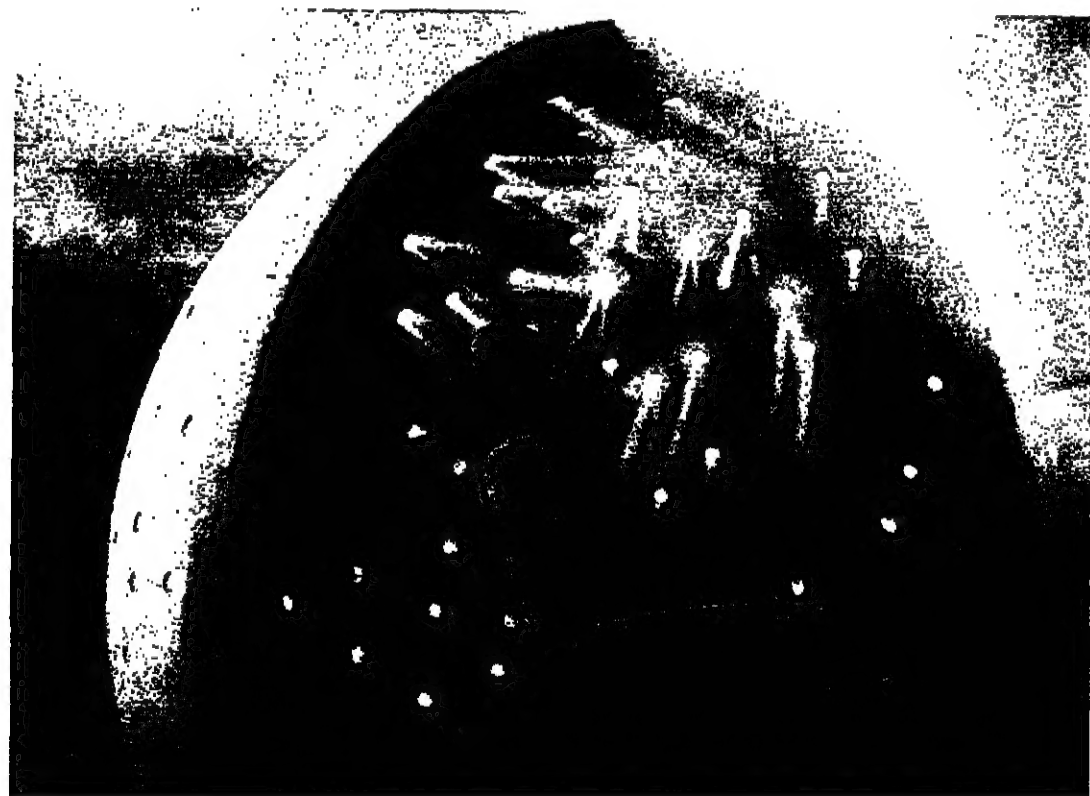
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Europe's No. 1

Apartheid Policy Is Ended in Most State Hospitals

By David B. Ottaway
Washington Post Service

JOHANNESBURG — The South African government announced Wednesday that it was opening white hospitals to all South Africans and revamping the health system to provide better health care for all non-whites.

Speaking to Parliament in Cape Town, the health minister, Dr. E.R. Venter, said the government had decided that all beds in all hospitals had to be made available to all people, the South African Press Association reported.

A spokesman for the Health Ministry, Johan van Niekerk, said

later that the new policy would take effect immediately.

Asked whether white hospitals would still be segregated internally by wards or other means, Mr. van Niekerk replied, "They are open totally."

But Dr. Venter indicated that hospitals could still take account of various special circumstances. Several South African sources said each medical institution would most likely have considerable latitude in applying the government decision.

It was thus not immediately clear to what extent segregation would still continue in practice.

Dr. Venter also announced that

the Health Ministry was drawing up a new national health policy to assure better services to all of South Africa's population groups through a new emphasis on primary health care and community clinics.

The announcement was made amid a flurry of government statements about pending or planned changes to do away with apartheid practices.

The statements have coincided with a three-week European tour by President Frederik W. de Klerk, who is seeking to convince Western leaders that he is serious about jettisoning the whole apartheid system.

Dr. Venter defended the govern-

ment's decision to open white hospitals by providing figures about the country's use of hospitals and its medical needs.

She told Parliament that if one took as a norm the need for three beds per 1,000 people, South Africa had a surplus of 11,700 beds for whites and a shortage of 7,000 beds for blacks.

The minister said the decision would affect only the 240 hospitals falling under the jurisdiction of the Department of National Health.

But she hinted that a similar decision affecting 44 other white hospitals under the control of the all-white body in the tri-cameral

Parliament would be announced later this week.

The National Medical and Dental Association immediately issued a statement welcoming the move. "We hope that this example will be followed quickly in bringing about an end to other obstacles towards a free and democratic South Africa," it said.

2 Killed in Mine Clash

Two whites were killed and 12 blacks were injured on Wednesday when mine workers and company security officials clashed in an incident with apparently racial overtones, The Associated Press reported from Johannesburg.

EUROPEAN TOPICS

A Fascist Monument Fuels Dispute in Italy

The planned restoration of a monument set up during Italy's Fascist regime in the northern Italian town of Bolzano has fueled anti-Italian sentiment in the mainly German-speaking province of Alto Adige.

To the German-speakers, the marble triumphal arch is a symbol of oppression. They particularly resent a Latin inscription that says, "From here we brought the language, laws and culture to others."

Alto Adige, the South Tyrol of the former Austro-Hungarian empire, became part of Italy after World War I. In the 1930s, Mussolini banned the use of German and brought in tens of thousands of Italian laborers from the south.

The monument, commissioned by Mussolini, was inaugurated in 1928. The regional government office for the preservation of monuments has allocated 400 million lire (\$330,000) to restore its leaking roof. It was the target of bomb attacks by separatists in the 1970s. Italian

neofascists use it as a rallying point. To many of the first Italian settlers and their offspring, it confirms their right to live there.

Why restore it, Bolzano's German-language newspaper Dolomiten asked, when all over Italy treasures "are rotting away in museums' basements" for lack of funds? The Südtiroler Schützenbund, a militant separatist group, plans a protest march in Bolzano on June 16.

Tanker's Spilled Oil Hits Coast of England

Oil that spilled from a damaged supertanker washed up along the coast of southern England on Wednesday, threatening holiday beaches, seabirds and oyster beds.

The Devon county emergency officer, Ken Reynolds, said hundreds of workers were ready to begin cleaning up as soon as all the oil had reached the beaches east of Plymouth. "There is no point in clearing up a beach on one tide and then having a load more coming in on the next tide," he said.

The Liberian-registered tanker Roseway spilled 1,000 tons of crude oil after a collision Saturday with a British trawler 14 miles (22 kilometers) off the Devon coast. Aircraft sprayed the slick with detergent and three vessels were deployed to suck up

the oil. But high winds forced them to abandon their efforts Tuesday.

Around Europe

Paris plans sound and light shows next month to observe the centennial of de Gaulle's birth and the 50th anniversary of his radio appeal from London for French armed resistance of the Nazi occupation. A replica of a 1940s-style radio, 35 meters (113 feet) high and made of painted canvas, will be erected on Place de la Concorde. On June 16, the 50th anniversary of de Gaulle's appeal, loudspeakers in the giant radio will play music and news programs from wartime France along with de Gaulle's speeches. A weeklong series of sound and light shows depicting wartime themes will be projected against the walls of the Paris city hall and Seine river quays.

Spain is to establish the Cervantes Institute to promote the Spanish language abroad. The institute, named after the 16th-century author of "Don Quixote," is to be similar to France's Alliance Française or West Germany's Goethe Institute, which operate cultural centers around the world.

Sytske Looijen

France Reinforces Police in Desecration Inquiry

The Associated Press

PARIS — Sixty extra police investigators have been deployed to hunt for the vandals who mutilated a corpse last week at a Jewish cemetery, the government announced Wednesday.

Officials also condemned the assault on a high-school teacher who had discussed the desecration with her class. Education Minister Lionel Jospin said a regional school administrator would be assigned, as a symbolic gesture, to serve as substitute for the hospitalized teacher on Friday.

The wave of racist and anti-Semitic incidents, which began with

the cemetery desecration last week in Carpentras, was discussed Wednesday in the National Assembly, where legislators observed a minute of silence.

"Racism and anti-Semitism are not opinions," said the assembly president, Laurent Fabius. "They are crimes."

Prime Minister Michel Rocard told the assembly that 60 investigators had been sent to Carpentras as reinforcements.

In the southwestern city of Périgueux, three law students and a teenager appeared in court Wednesday after they were arrested on allegations of having spray-

ainted neo-Nazi slogans on a synagogue and a war memorial.

Incidents of racial or political vandalism have occurred daily since the Carpentras desecration was discovered May 10. In the last, a fire of suspicious origin gutted the offices of a Communist Party newspaper in Bergerac late Tuesday or early Wednesday.

On Monday, two masked men beat up Christiane Guillard, a high-school teacher, after she devoted a class to racism in response to the cemetery desecration.

Mrs. Guillard, a history and geography teacher at the Emile Zola College of Royan, near Bordeaux,

said the attack followed threats in anonymous telephone calls.

Mrs. Guillard, 41, who suffered several cuts, said the men told her: "Dirty Jew, dirty Arab, you were warned."

She said she used the desecration of the Carpentras cemetery to discuss the issue with her 15 and 16-year-old students.

Mrs. Guillard said she discussed France's anti-racism law of 1972. "I noted to the students that since this law, freedom of expression still exists, of course, but that racism in any form is not an opinion but a crime."

Muslim immigrants also have

been the target of racist attacks. The extreme rightist leader Jean-Marie Le Pen, who has been accused of racism, says he favors expelling France's 3.4 million Muslim immigrants.

The governing Socialist Party said the attack marked the first time since World War II that a teacher had been assaulted because she "loyally carried out her mission."

East Germans Ask Syria to Extradite Nazi Suspect

Compiled by Our Staff From Dispatches

BERLIN — East Germany is asking Syria to extradite Alois Brunner, a suspected Nazi war criminal who is accused of deporting tens of thousands of Jews to death camps, the East German Foreign Ministry said Wednesday. It was the first formal request for extradition of a suspected Nazi war criminal by East Germany, which is trying to establish diplomatic ties with Israel.

Ministry sources said Wednesday that the East German ambassador to Damascus, Karl-Heinz Lugenheim, was to deliver the request but that it was unclear if he had done so.

Syria has repeatedly denied knowledge of Mr. Brunner, who has been accused of organizing the deportation of 100,000 Jews from Germany, France and other com-

tries to concentration camps during World War II.

After the war, Mr. Brunner was detained by American and British officials but kept his identity secret. He was tracked down in Syria under the name George Fischer in the late 1950s by Simon Wiesenthal, the Austrian who has uncovered many Nazis, and officially identified in 1982 by two French Nazi hunters, Serge and Beate Klarsfeld. Mr. Klarsfeld describes Mr.

Brunner, who is about 78, as the most important Nazi war criminal still alive.

Several West European countries have appealed unsuccessfully for Syria to extradite Mr. Brunner. He has been described as the right-hand man of Adolf Eichmann, the Nazi official who masterminded the extermination of 6 million Jews under Hitler.

Speaking in Paris after news of the East German move, Mr. Klars-

feld said it was possible that Syria might change its attitude toward Mr. Brunner if it was convinced it could gain economically from Western states by doing so. "Undoubtedly, by handing him over to trial, Syria could also clean up its international image," Mr. Klarsfeld said.

But he said Mr. Brunner had been a long-time adviser to Syria's secret police and still enjoyed protection from them. (Reuters, AP)

Blast Kills Soldier at London Army Office

New York Times Service

LONDON — One soldier was killed and another was seriously injured Wednesday by an explosion thought to have been caused by a bomb planted outside an army recruiting office in the Wembley section of northwest London, the police said.

The blast occurred in an alley behind the office after the two sergeants boarded an unmarked van; the vehicle was destroyed as it started to move. A spokesman for Scotland Yard said, "It was almost certainly an explosive device."

There was no immediate claim of responsibility, but the blast renewed fears that the Irish Republican Army was waging a new bombing campaign.

On Monday, seven persons were injured when a bomb went off in southeast London outside the headquarters of the Royal Army Education Corps.

The IRA, which is trying to force the British out of Northern Ireland, took responsibility for that attack. At the time, Scotland Yard's anti-terrorist squad warned that the IRA may have planted other bombs in Britain.

On Wednesday it cautioned military personnel and "those involved in Northern Ireland affairs" to report anything suspicious to the police.

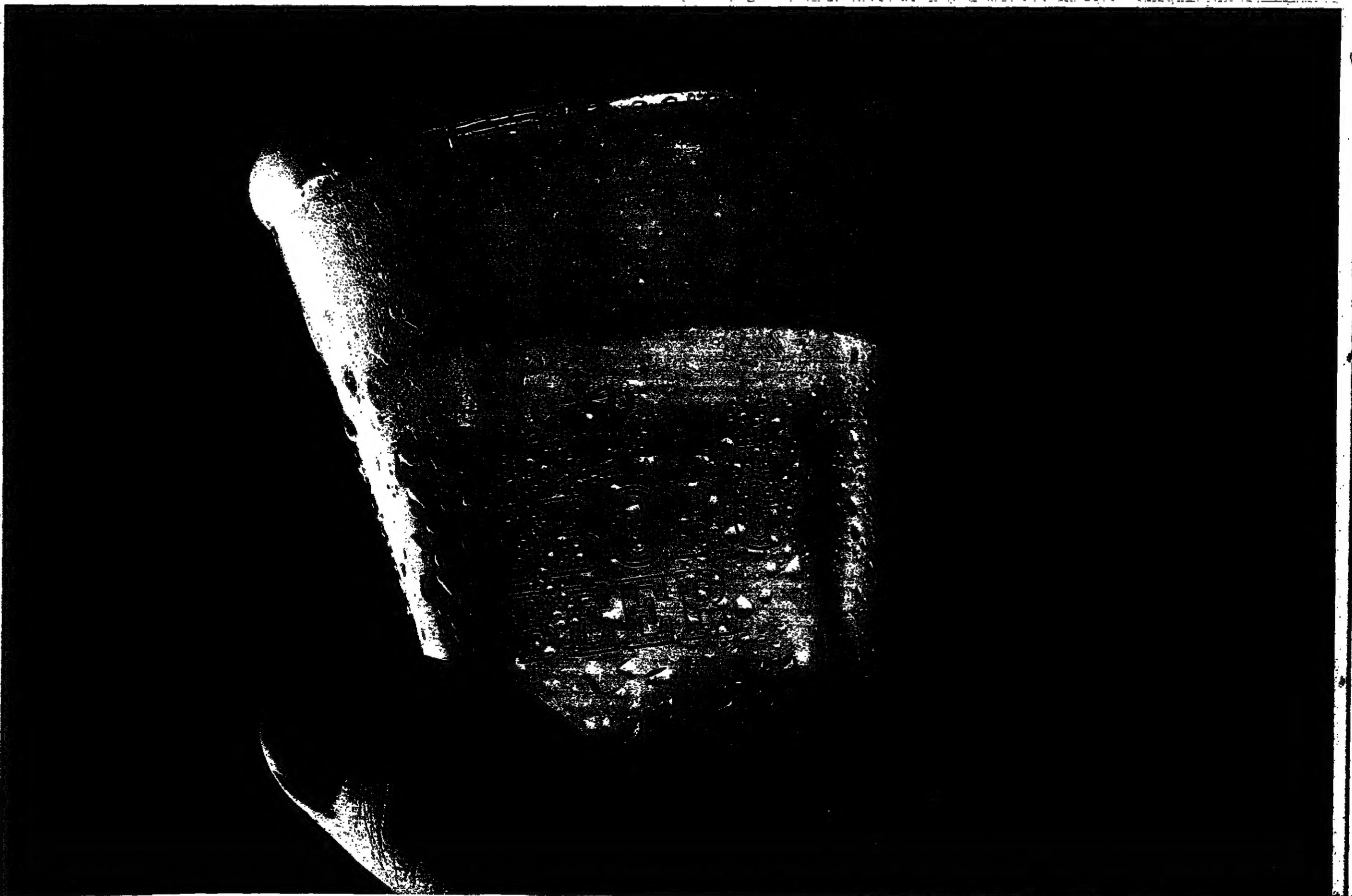
In September, 11 persons were killed when an IRA bomb ripped through a military barracks at the Royal Marines School of Music in southeast England.

The IRA is also believed to have been responsible for two bombings in February in England. No one was hurt when one wrecked a recruiting center in Halifax, but three were slightly injured in Leicester by a bomb planted on an army vehicle.

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A Pregnant Pause In Hong Kong as Mothers-to-Be Go

By Nicholas D. Kristof

HONG KONG — The term "pregnancy leave" is taking on new meaning here, as shown by a Hong Kong Chinese banker who is negotiating an unusual sweetener before he takes a new job. He wants his employer to pay to send his pregnant wife to Canada to give birth, ensuring that their child will be born a Canadian citizen.

In the latest triumph of Hong Kong ingenuity — and the latest sign of its desperation — hundreds of pregnant women are traveling to Western countries to give their babies what is regarded here as one of the most important things in the world: a foreign passport.

"In Hong Kong, when people ask you where you are going to have your baby, they don't mean which hospital," said Frank Ching, a local newspaper columnist. "They mean which country."

It used to be thought that the moment of truth for Hong Kong would come in 1997, when the British colony will revert to China, but now many people feel that the crisis is already here.

Pessimists draw parallels with the surrender to communism of Shanghai in 1949 and Saigon in 1975. They expect a mounting frenzy to leave, a surge in corruption as people try to buy a new future and a social breakdown as the civil service abandons its loyalty to the lame-duck British administration.

"Hong Kong will all be destroyed before 1997," said George Hicks, an Australian businessman and writer. "The upheaval and disintegration will come way before 1997, as everybody tries to beat their neighbor out. This is like a game of musical chairs in which everybody knows when the music is going to stop."

Of course there are also optimists, who believe that Hong Kong's economy is well positioned to continue to prosper and that ballooning bank accounts will help save anxieties about the future.

Hong Kong has faced bouts of pessimism in the past, and few places in the world have displayed such a remarkable resilience in overcoming wars, strikes, riots and trade embargoes.

In 150 years, Hong Kong has transformed itself from a pirates' lair to the world's largest container port, from an impoverished colony abounding in opium and skinny rickshaw boys to an international financial center.

Hong Kong today has more Rolls-Royces per capita than any-

where else in the world, yet its fate seemed to be sealed in early April, when Beijing approved the Basic Law that will govern the territory after 1997. Many Hong Kong residents had hoped for a more democratic document.

Ever since the rise of China's hard-liners and the killings in Beijing last June, the mood in Hong Kong has been bleak and angry. Survey Research Hong Kong, a polling business that has measured confidence in the future since 1985, says its latest survey recorded a new low in public confidence. "People in Hong Kong are very discouraged at this time," said the company's director, Louis Tong.

More than 1,000 residents are emigrating each week, which is more than twice the rate in 1986. The obsession has spawned a new magazine, *The Emigrant*, as well as books and counseling services to help Hong Kong Chinese obtain foreign passports.

In one of the most unusual cases, a few people paid about \$5,000 each as a down payment on a passport from Cortina, which a brochure and advertisement identified as a South Pacific nation. There is no such country.

Hong Kong does not officially report figures for capital flows, but John G. Greenwood, the chief economist of G.T. Management (Asia) Ltd., an investment company, has derived estimates suggesting that Hong Kong began to shift capital abroad in 1984, the year that Britain agreed to return the colony to China. He says that capital outflow soared in 1989 to nearly \$5 billion, or almost \$1,000 per inhabitant.

The conventional wisdom in the business sector used to be that China would pursue its own self-interest in ensuring Hong Kong's continued prosperity — because Hong Kong is China's biggest outside investor and trade partner, and because successful reunification might encourage Taiwan to return to the mainland as well.

Arguments about China's self-interest are heard much less often now, for today's China seems to measure its self-interest more in control than in prosperity.

Sources of concern for the private and public sectors have been the growing assertiveness of labor groups and the threats of strikes by fire fighters, taxi drivers, nurses and other groups.

"Everybody's scrambling for more money," said a longtime civil servant. "Nobody wants to wait. I don't see how the society can operate that way."



A plainclothes policeman in Manila, center, drew his pistol Wednesday in a scuffle with protesters outside the U.S. Embassy who demanded the end of a U.S. military presence in the Philippines.

Bases Talks Turn Sour as Philippines Accuses U.S. of Backing Out of Aid

By Keith B. Richburg

Washington Post Service

MANILA — Talks on the future of U.S. military bases turned unexpectedly raucous on Wednesday after the Manila accused Washington of reneging on aid commitments and said that a failure to come up with promised funds "will endanger the future of our talks."

The chief U.S. negotiator, Richard L. Armitage, was equally blunt, according to a spokesman. Mr. Armitage told the Philippine panel that "he is not an accountant, he does not stand next to a cash register when conducting foreign affairs," the spokesman said.

At a press conference in Washington, President George Bush said his administration did not have unlimited funds for Philippine aid and threatened to pull out the American bases there if that became necessary.

Endorsing the comments made in Manila by Mr. Armitage, Mr. Bush said, "We don't have a total blank check on this, and if we're not wanted there, we're not going to be there." Those bases, he said, are not "absolutely essential to the United States."

"We will negotiate in good faith, but there are certain limits to what I will accept as president," he added. "It's important for the Philip-

pine government to understand this."

The United States also chided the Philippines for failing to provide adequate security around the bases after increased attacks by Communist rebels against U.S. servicemen here.

The visiting delegation complained that the United States paid for a new concrete wall being built around Clark Air Base in the northwestern city of Angeles and for additional lighting and canine patrols outside the base, although the Philippines is supposed to pay for securing the perimeters of the U.S. installations.

"They have not lived up to their commitment in terms of providing adequate security," a diplomat familiar with the talks said. "They just don't have the money to do it and they don't have the manpower to do it."

The United States decided to make an issue out of base security after rebels in Angeles killed two U.S. airmen Sunday night.

Top U.S. officials here attended a memorial for the airmen Wednesday, and President Bush, in a letter read at the service, said that "terrorism will not deflect our nation from its purpose, to preserve and protect democracy and freedom."

Philippine Communists have vowed to continue killing Americans until U.S. military personnel — currently about 40,000 — "are kicked out of our country."

The sharp exchanges at the base talks Wednesday underscored the deep division between Washington and Manila over U.S. aid cuts, a major irritant in bilateral relations and a potentially intractable hurdle to a new treaty allowing U.S. military bases to remain on Philippine soil.

The country has already served notice that the current bases agreement expires in September 1991, and that Washington should begin preparing for a complete military pullout if a new accord is not reached by then.

So far, the two sides cannot even agree on the size the U.S. aid shortfall.

The United States says it is \$96 million, the amount cut by Congress from the administration's 1990 request for \$481 million in Philippine aid.

Manila puts the shortfall at \$222 million: the \$96 million and what it says are other unfulfilled promises.

Philippine officials have tried to link the current shortfall to their willingness to enter into a new bases treaty.

Report Faults Israeli Policing

Arab Childrens' Rights Violated, Swedish Group Says

By Jackson Diehl

Washington Post Service

JERUSALEM — A new report by the Swedish organization Save the Children accuses Israel of major human-rights violations against children during the 30 months of the Arab uprising in the occupied territories, including responsibility in the deaths of more than 150 children with an average age of 10.

In a four-volume study issued on Wednesday after a two-year investigation, the organization charged that Israeli soldiers had shot and killed children inside their homes, beaten thousands of children under the age of 5 and held youths in at least nine detention camps.

Investigators for Save the Children said they had compiled records of 159 deaths and 7,100 beatings involving people 15 years of age and under during the first two years of the uprising. They estimated that 50,000 to 60,000 children had been treated for injuries during that time, including at least 6,500 wounded by gunfire.

The report maintained that Israel's explanations of the deaths were false or inadequate and that its formal rules barring the shooting and beating of children by soldiers had been systematically flouted.

Although children have participated in demonstrations and stone-throwing, the report said, more than half of those killed "were not in the vicinity of a protest activity."

"Researchers for this report have documented indiscriminate beating, tear-gassing and shooting of children at home or just outside the house, playing in the street, sitting in the classroom or going to the store for groceries," it said.

"The vast majority of injuries were caused when soldiers used their lethal and allegedly nonlethal weapons against children in a manner that was unjustified, unreasonable, excessive and unlawful," the report said.

Israeli officials, who said they were not given a copy of the 1,000-page report until Wednesday morning, disputed some of its documentation and said its conclusions were exaggerated.

An army spokesman said official figures showed that 79 children aged 14 and under had died in violence related to the uprising, which began in December 1987. Save the Children counted deaths of children under 16.

The spokesman said that although Israel did not wish to "minimize its responsibility" for the death of Palestinian children, the authorities believed that many of the deaths were the fault of Arab militants and parents "who send their children out onto the street and encourage them to become martyrs."

Yossi Olmert, the government spokesman, said Save the Children was an organization that had shown itself in the past to be biased against Israel.

"They are giving numbers which are exaggerated and inflated and which we completely reject," he said.

Save the Children is a private child-advocacy group that has done similar studies in other parts of the world. The investigation was directed by Anne Elizabeth Nixon, an American who previously worked in the East Jerusalem field office of the American federation of Save the Children, and was financed in part by the Ford Foundation.

The report could renew controversy in Israel over what has been one of the most sensitive issues surrounding Israel's handling of the

uprising. From the beginning, teen-agers and younger children have engaged the army in nearly daily stone-throwing clashes, scrawled nationalist slogans on walls and marched through villages in hoods bearing the banned Palestinian flag.

The army says it believes that Arab militants and some parents have deliberately pushed younger children to the forefront of demonstrations and have cynically exploited the propaganda value of the resulting deaths and injuries.

But the Save the Children report supports arguments by some Israelis and human-rights groups that the army has regularly used excessive force against protesting youths in violation of its own regulations and that soldiers have beaten and shot many children who were not involved in protests.

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Rest of Africa, Gulf States, Asia	600	372	335
Central/Latin America	600	372	335

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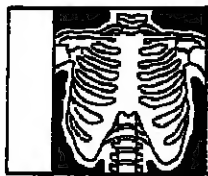
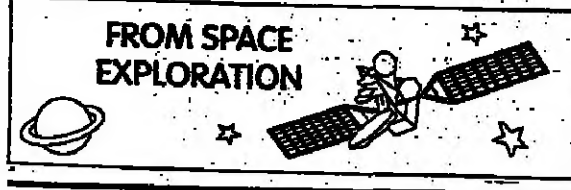
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INTERNATIONAL MANAGER

Life for a Traveling Man (And Woman) Is Easier

By Cindy Skrzycki
Washington Post Service

WASHINGTON — There are certain distinguishing traits about business travelers who are on the road for long periods of time. They're always bemoaning the quality of airline food. They can't walk into a bedroom without testing the firmness of the mattress. And they can rattle off how many meals and movies it takes to fly from Washington to Hong Kong.

But if business travel bothers them, research released by Marriott Corp. shows that many of the 3.2 million who are on the road for five or more consecutive nights, who are called extended-stay travelers, find longer trips less stressful and more enjoyable than shorter trips.

Women more than men thought long-term travel was a positive part of their job, a surprising result for those in the lodging industry and people who arrange business travel. Overall, 64 percent of the travelers queried by Marriott's Residence Inn, which offers apartment-style hotels throughout the country, thought longer trips allowed them to see new places, get away from the day-to-day hassles of life and be more productive in their jobs.

"I can get my work done, which I can't do at home," said Joan Zawacki, district manager for the health-care company Therapeutics Inc. Ms. Zawacki spends about 70 percent of her time on the road each month. "I can stay at my desk until 11 or 12 o'clock at night and never notice," she said.

The research showed that 78 percent of female business travelers appreciate longer trips, while only 59 percent of men like longer stays. Men also tend to get more homesick, the survey said.

The more successful the woman, the more unlikely she is to be married or cohabiting, said Connie Goldstein, a frequent traveler and editor and associate publisher of *Corporate Meetings & Incentives Magazine*. "There is no one at home to be lonely for. Men may have a working spouse, but they have someone at home."

WOMEN MOVING UP in the corporate world may be enjoying their first taste of some of the perquisites of travel: coming and going as they please, having someone else take care of them and feeling a sense of adventure.

"When you travel, you have some independence and self-empowerment," said Douglas K. Shifflet, a psychologist and president of D.K. Shifflet & Associates, a travel market research firm in Virginia. "For many women, that feels like good."

In the study, about 75 percent of the men traveling were married, while only half of the women had a spouse. More of the women tended to be under 34 years of age while more of the men were over 45.

But what both sexes experience are the intractable hassles of business travel: late flights, room service that comes too late and hotel checkout lines that make you wait.

Many of the professionals that arrange business travel still think first about location and rates rather than the psychological effect of various kinds of lodging arrangements, Mr. Shifflet said.

He pointed out, for example, that productivity is affected if people are forced to do work in cramped, uncomfortable hotel rooms. "You have a devaluing experience where you ask, 'What kind of person am I, living like this?'" Mr. Shifflet said.

Several companies in the lodging industry have picked up on these feelings, tailoring their product to meet a small market that represents a large portion of the "room nights" that business travelers log.

General Electric Co., for example, has a \$1 billion travel and entertainment budget that pays for 2.5 million room nights a year, according to Michael Mueller, G.E.'s business travel manager. Some 2.5 percent of those nights are now spent in extended-stay hotels, up from almost zero two years ago.

"Life has gotten much nicer for the long-term traveler," Mr. Mueller said.

When you travel, you have some independence and self-empowerment.

Bonn Sets Accord on Unification Fund

By Richard E. Smith

FRANKFURT — Chancellor Helmut Kohl reached agreement Wednesday with regional politicians to set up a special fund to help finance German unification.

The fund, totaling 115 billion Deutsche marks (\$69.87 billion), would channel aid to East Germany outside the regular budget and would help Mr. Kohl keep his promise, repeated Tuesday in a speech before the European Parliament, that West German taxes will not be raised.

For the markets and for most analysts, the news simply underscored what everyone has known since the fall of the Berlin Wall: Reunification will not be cheap and Mr. Kohl is not likely to take the chance of raising taxes in an election year when his historical mission as Germany's unifier is at stake.

Without new tax receipts, he had no choice but to turn to capital markets to help pay the bill.

While President George Bush seems to be softening on the questions of taxation, Mr. Kohl has become steadily more vocal about his promise to bar any tax increases in spite of spiraling estimates of the costs of reunification.

Ingrid Maubach-Maier, finance expert of the opposition Social Democrats, quickly accused the ruling coalition of using the new fund as a ruse to hide the costs of reunification.

But Finance Minister Theo Waigel denied that he was trying reunification "on credit" and said that it was legitimate to extend credits to East Germany because reunification would help contribute to West German growth.

The Frankfurt markets, already braced for major government borrowings sooner or later in one form or another, took the news with a shrug. Bond markets were mixed and the mark reacted little in fairly lackluster trading sessions.

"This news just fleshed out what was already pretty much known," said Jonathan Hoffman, senior economist at Credit Suisse First Boston in London. "Interest rates were set to stay high before announcement of this fund and still are set to stay high or go higher," he said.

Karl Otto Pöhl, the president of the Bundesbank, which is West Germany's central bank, tried to reassure markets again by saying in Strasbourg, France, that fears of

rising inflation were "exaggerated." Many analysts predict that the bank may have little choice but to raise lending rates sometime this summer.

Although he is probably aware of the discomfort of the markets, Mr. Kohl's political needs will continue to take clear precedence, analysts said.

Since he seems to want to lock in reunification before West Germans and East Germans rethink their initial enthusiasm or before the Soviet Union lapses into political chaos, he is moving quickly on the reunification issue and is not likely to let financial difficulties stand in the way.

He did not even bother to inform Mr. Pöhl earlier this year, for example, when he took the crucial step of offering to let East Germany adopt the Deutsche mark as its currency.

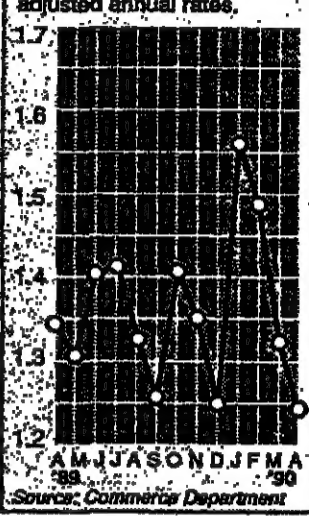
While tax increases are anathema in any election year, his party is particularly vulnerable following last weekend's defeats for his party in two major West German states. As a result, any tax increases seem out of the question for at least the rest of 1990.

Mr. Waigel did mention the possibility that certain planned corporate tax cuts might be

See BONN, Page 11

Housing Construction

New, private housing started, in millions, at seasonally adjusted annual rates.



U.S. Inflation Edged Up A Modest 0.2% in April

Compiled by Our Staff From Dispatches

WASHINGTON — U.S. consumer prices rose a modest 0.2 percent in April as food and energy costs fell, the Labor Department reported Wednesday.

Despite the improving inflation picture, however, economists said they do not expect the Federal Reserve Board to change its monetary policy. The U.S. central bank has followed a steady policy of keeping prices in check by maintaining a firm grip on credit.

The modest April rise in prices followed increases of 0.5 percent in both March and February and a sharp, 1.1 percent January gain.

The Labor Department said the slowdown was broad-based, with the moderation most evident in items that had been moving up

steeply at the start of the year. Food prices fell 0.2 percent, primarily as a result of lower vegetable prices. Energy prices declined by 0.4 percent, marking the third consecutive monthly decrease.

In another key economic figure issued Wednesday, the government said the building of new homes dropped for a third straight month in April, to the lowest levels since the 1982 recession.

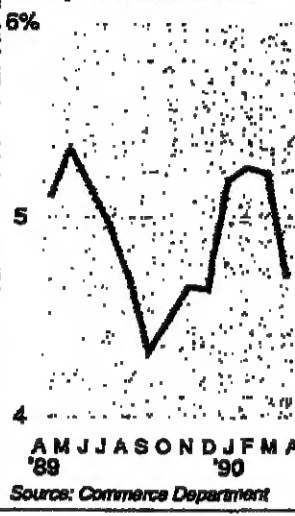
The 5.8 percent decline in building last month followed declines of 11.2 percent in March and 5.1 percent in February as the impact of high interest rates continued to depress the construction industry, the Commerce Department said.

Prior to April's data, economists believed the Fed had a slight le-

See PRICES, Page 10

Consumer Price Index

Percentage change, unadjusted annual rates



U.S. to Tie Aid to Exports in Bid to Cut Subsidies

By Clyde H. Farnsworth
New York Times Service

WASHINGTON — In an aggressive bid to promote U.S. exports, the Bush administration has announced an initiative aimed at inducing other developed countries, principally Japan and France, to curb aid programs intended to increase their exports.

Adopting the strategy of its rivals, the administration said it was preparing its own offensive, a \$500

million export credit program that will tap into foreign-aid funds to help U.S. exporters.

The administration has singled out four countries — Indonesia, Pakistan, the Philippines and Thailand — to receive aid that would be linked to buying U.S. products.

The program — offering a combination of aid money and subsidized export credits to customers who buy U.S. power plants, telecommunications gear, construction

equipment and other products — thus puts the United States into "aid aid" competition.

Under the practice, which has become an increasingly important factor in winning a foreign sale, industrial countries give a low-interest loan or grant to a developing country for a major development project, such as a power plant, but with a string attached: The equipment must come exclusively from the donor country.

Many industrial competitors consider the practice a legitimate way of allocating foreign aid.

But Washington regards it as unfair export competition and has been trying, so far unsuccessfully, to curb it through international negotiations within the framework of the Paris-based Organization for Economic Cooperation and Development, a forum for the industrial countries.

"We think it's a lousy and costly

Soviets Get Seat At GATT With Observer Status

Reuters

GENEVA — The Soviet Union, stepping up its drive to integrate into the world economy, on Wednesday took a seat as an observer at GATT for the first time since the 96-nation trade forum convened more than four decades ago.

The ruling council of the General Agreement on Tariffs and Trade agreed to Soviet observer status after Washington and Tokyo dropped objections.

Diplomats said the White House might have been trying to send a positive signal to Moscow ahead of a superpower summit in Washington in two weeks, at a time when doubts are being raised on whether the two sides could agree on a strategic arms pact.

Mr. Makaryev expressed Soviet interest in becoming a full member of GATT and said Moscow was also studying what kind of relations would be appropriate with other global institutions like the World Bank and the International Monetary Fund.

"This status offers to the Soviet side an opportunity to get acquainted with the methods of work of various GATT bodies for studying the conditions of a future accession to GATT," he told the trade forum's council.

Asked if Moscow would now seek seats at the World Bank or the IMF, Mr. Makaryev said: "We are studying ways and means of cooperating with the other international organizations."

President George Bush had told Soviet President Mikhail S. Gorbachev at their shipboard summit off Malta in December 1989 that he would support Soviet observer status in GATT, which sets rules for 90 percent of global trade.

But until recently, the U.S. position, supported by Japan, had been that this would have to wait until

OPEC Seeking Energy Summit

Reuters

LONDON — The secretary-general of OPEC, Subroto of Indonesia, called for a world energy meeting where producers, consumers and international financial institutions would "examine the most efficient and environment-friendly means of utilizing all the world's energy resources."

Mr. Subroto said that OPEC had been appealing for a "united effort" among the world's leading suppliers and users of oil to "achieve stability" in the market.

after the scheduled end in December of GATT's four-year Uruguay Round of trade negotiations on liberalizing world commerce.

Some diplomats had speculated that U.S. displeasure with the way Moscow has confronted drives for independence in the Baltic republics of Lithuania, Latvia and Estonia might cause Washington to maintain this line.

But after consulting with its major trade partners, the United States agreed this week to allow Moscow to become an observer immediately.

The Soviets will not be allowed to take part in the Uruguay Round negotiations. But they may observe the council's resolution of trade disputes and how it handles China's application — Beijing has observer status — to become a full member.

Although observer status is normally the intermediate stage to becoming a member, the United States made clear it did not believe the sluggish, heavily subsidized Soviet economy could currently fit into GATT.

Swiss May Join IMF

Switzerland's federal executive announced Wednesday that it would apply for membership in the International Monetary Fund and in the World Bank, The Associated Press reported from Bern.

A statement said the government would decide on whether to refer the issue for parliamentary approval after it receives an IMF report on the size of Switzerland's capital, quota in the fund.

CURRENCY RATES

Cross Rates	May 16
Australian dollar	1.6025
Belgian franc	36.3625
British pound	1.6475
Canadian dollar	0.7125
Deutsche mark	1.3625
French franc	6.5535
Italian lira	1.3625
Japanese yen	163.25
Swedish krona	8.4625
Swiss franc	1.4825
U.S. dollar	0.7125

Other Dollar Values	May 16
Australian dollar	0.6875
Belgian franc	0.0250
British pound	0.6075
Canadian dollar	0.4925
Deutsche mark	0.5425
French franc	0.0250
Italian lira	0.0250
Japanese yen	0.0075
Swedish krona	0.0125
Swiss franc	0.0125

Forward Rates	May 16
30-day	1.6475
60-day	1.6475
90-day	1.6475
180-day	1.6475
360-day	1.6475

Interest Rates	May 16
1-month	7.00%
3-month	7.00%
6-month	7.00%
1-year	7.00%

Key Money Rates	May 16
3-month	7.00%
6-month	7.00%
1-year	7.00%

Asian Dollar Deposits	May 16
1-month	8.00%
3-month	8.00%
6-month	8.00%
1-year	8.00%

U.S. Money Market Funds	May 16
1-month	7.00%
3-month	7.00%
6-month	7.00%
1-year	7.00%

GOLD	May 16
1-ounce	375.00
10-ounce	375.00
100-ounce	375.00

Volvo Bus Buying Steyr, Austria's Market Leader

By David Bartal
Special to the Herald Tribune

STOCKHOLM — Volvo Bus Corp. announced Wednesday that it is taking over Steyr Bus GmbH, the market leader in city and intercity buses in Austria.

The acquisition, for which terms were not disclosed, is part of a restructuring of the West European bus industry that is expected to accelerate during the next two years. In addition, the Swedish concern views Steyr as a springboard into East European markets.

According to the agreement between Volvo AB and Steyr-Daimler-Puch AG of Vienna, the two parents will set up a new company to which Steyr will transfer all its bus activities. Volvo will be the majority shareholder, with 75 percent, and will take over management responsibility. The Steyr Bus

name and Vienna location will be retained.

Volvo Bus, which has 18 percent of the West European market for heavy buses — with a gross vehicle weight over 12 tons — is primarily a chassis manufacturer, meaning it must collaborate with body manufacturers in various markets.

"Steyr Bus activities are basically concentrated on body building, which means that our activities are largely complementary," said Volvo Bus president, Lars Erik Nilsson.

The Swedish move to take over Steyr's bus operations comes as manufacturers throughout Europe assess the consequences of an EC decision to require the offering of tenders for bus orders to the whole Community, starting Jan. 1, 1993.

This move is expected to gradually crack open the highly protected European bus market, which

may start spark a "revolution" in the industry, according to Michel Quinco, spokesman for the Brussels-based International Union of Public Transport.

The change in bidding procedures is expected to lead to a wave of restructuring for the 20 or so West European bus and coach manufacturers.

Mercedes-Benz AG of West Germany, the world market leader in buses over eight gross tons, predicts more competition on its home market, but nevertheless expects to maintain or improve its position.

Moreover, as restructuring accelerates, "there is the danger that especially the middle-sized body builders will disappear," said to Siegfried Sobotta, head of Mercedes-Benz's bus-manufacturing division.

"In our opinion, only big and very small manufacturers can

offer special products have good prospects," Mr. Sobotta said.

According to Mr. Nilsson, the global market for buses has actually shrunk over the last 10 years.

Mr. Sobotta at Mercedes foresees a stable West European market and says the East European market, as well as that in Asia, will grow.

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Herald Tribune

MARKET DIARY

Dow Edges Away From Record High

The Associated Press
NEW YORK — The U.S. stock market backed away slightly Wednesday from the record highs of the past couple of sessions while traders assessed the latest inflation statistics.

The Dow Jones average of 30 industrials, up 0.92 of a point Tues-

day to its second straight closing high, eased 2.77 to 2,819.68.

Declining issues outnumbered advances by about 8-7 on the New York Stock Exchange. Big Board volume totaled 159.81 million shares, against 165.73 million in the previous session.

The Labor Department reported that the consumer price index rose 0.2 percent in April, compared to 0.5 percent increases in the two preceding months. Analysts said that reinforced recent evidence that inflation was not reviving to the extent that traders had feared.

At the same time, they said, the market seemed largely to have an-

tipulated the news with its rise to record highs earlier in the week.

It appeared that investors now are looking for signs that inflationary pressures and interest rates can continue their recent decline.

Rates edged upward in the credit markets, pushing yields on long-term Treasury bonds to a range of 8.63 percent to 8.68 percent.

Hewlett-Packard dropped 1 1/4 to 46 1/4 in active trading. The company reported earnings for the financial second quarter ended April 30 of 78 cents a share, down from 86 cents in the comparable period a year earlier.

Other losers among the blue chips included American Express, down 1 1/4 at 29 1/4; International Business Machines, down 1/4 at 15 1/4; General Electric, down 1/4 at 44 1/4; and Philip Morris, down 1/4 at 44 1/4.

Circle K tumbled 3/4 to 1 1/4. The convenience-store operator filed late Tuesday for protection under Chapter 11 of the federal bankruptcy code.

Dollar Finishes Mixed After Active Session

Reuters
NEW YORK — The dollar closed mixed Wednesday after active trading, with dealers reporting generally bearish sentiment. Although the latest U.S. economic data were close to expectations, they were weak enough to further the belief that the next move in U.S. interest rates will be down.

U.S. April consumer prices rose

0.2 percent, against forecasts of 0.3 percent and a rise in March of 0.5 percent, while April housing starts fell 5.8 percent to the lowest level since the 1982 recession.

"Today's data were bad as far as the dollar is concerned," said Jeremy Hawkins, senior economic adviser at Bank of America in London. "But the headline inflation figure is still above the Fed's target for the year so it doesn't mean an immediate easing."

The dollar edged down to close

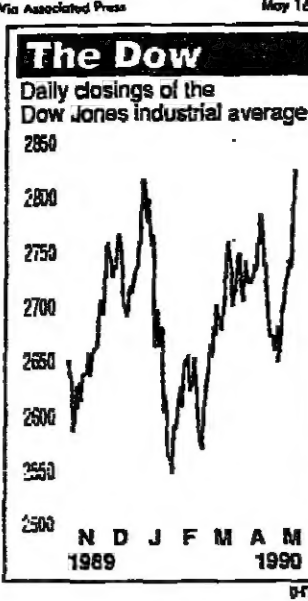
in New York at 1.6458 Deutsche marks, after 1.6460 DM at Tuesday's close, but it advanced to 151.85 yen from 150.80.

The British pound rose to 1.6800 from 1.6737, while the dollar advanced to 1.4015 Swiss francs from 1.3990 but eased to 5.5480 French francs from 5.5535.

Dealers said while the market was waiting for tomorrow's U.S. trade data with bated breath, the number would have to be way out of line with expectations to have any dollar impact.

In London earlier, the dollar eased to 1.6435 DM from Tuesday's 1.6488, but rose to 151.80 yen from 150.60.

Sterling staged a dramatic rally during the morning session on the back of a single large buy order, and held onto much of the gain to close at 2.7617 DM, after Tuesday's 2.7625. Dealers said a Middle East-based investor was behind the order. Sterling also rose to \$1.6795 from \$1.6770.



NYSE Most Actives

Vol.	High	Low	Close
Alcoa	91.50	91.25	91.25
Amgen	28.75	28.50	28.50
Amgen	28.75	28.50	28.50
Amgen	28.75	28.50	28.50
Amgen	28.75	28.50	28.50
Amgen	28.75	28.50	28.50
Amgen	28.75	28.50	28.50
Amgen	28.75	28.50	28.50
Amgen	28.75	28.50	28.50
Amgen	28.75	28.50	28.50

NYSE Most Actives

Vol.	High	Low	Close
Amgen	28.75	28.50	28.50
Amgen	28.75	28.50	28.50
Amgen	28.75	28.50	28.50
Amgen	28.75	28.50	28.50
Amgen	28.75	28.50	28.50
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Amgen	28.75	28.50	28.50
Amgen	28.75	28.50	28.50
Amgen	28.75	28.50	28.50
Amgen	28.75	28.50	28.50

NYSE Diary

Diamond	1737	3 1/4	3 1/4	3 1/4	
5NK 93cwf	1763	4	3 1/4	3 1/4	- 1/8

NYSE Diary		
	Close	Prev.
Advanced	702	654
Declined	813	856
Unchanged	516	305
Total Issues	2031	2015

Robeco Plans Alliance With Rabobank

By Ronald van de Krol
Special to the Herald Tribune

AMSTERDAM — Robeco Group, the largest investment group outside the United States, said Wednesday that it is planning entering into a strategic alliance with one of the Netherlands' biggest banks, Rabobank Nederland, in a bid to step up the sale of its investment funds to Dutch investors.

The move, the first of its kind for Dutch-based Robeco, is aimed at combining the investment expertise of Robeco with the vast distribution channels open to Rabobank, a cooperative bank with more than 2,000 branch offices across the Netherlands.

It is also being cited as a possible precursor to similar agreements between Robeco and other European banks.

Herman Wijffels, chairman of Robeco, one of the four major Dutch banks, stressed at a press conference that the alliance was not a merger.

"The partnership will be laid down in the form of a distribution agreement and will take the form of

one or more joint ventures in the areas of investment products, investment research and product development," he said.

Under a plan being studied by both sides, Rabobank would sell Robeco's various investment funds to its banking clients. It would also agree not to sell products developed by other financial institutions.

Cooperation might also extend to the development and marketing of new products, Rabobank and Robeco said.

Rabobank's five own in-house investment funds, which have total assets of 1.2 billion guilders (\$649.7 million), will eventually be integrated into Robeco's range of products. In return, Rabobank will receive an unspecified commission fee for marketing Robeco's products, which range from stock and bond funds to real estate investment instruments.

Peter Korteweg, the chairman of Robeco, described the proposed partnership as a "good fit" for both parties.

"Until now, we lacked the physical distribution needed to reach those clients who want to see a

human face when they're making investments, and that's what Rabobank's office network can offer us," he said.

He said that the alliance with Rabobank could, in the long term, bring in billions of guilders of additional funds from Dutch savers.

Robeco — which has assets of 45 billion guilders — is best known for its stock funds Robeco and Robeco, the bond fund Rento and the property fund Rodamco.

The funds are listed on 19 stock exchanges around the world. Robeco also markets its products through its own giro system called Rogiro, which enables investors to switch from one fund to another by telephone or letter.

For Rabobank, the pact will boost the bank's ability to satisfy customer demand for new investment products, Mr. Wijffels said.

The bank, which has its roots in lending to the country's extensive agricultural community, is a relative latecomer to investment products. However, the big cooperative has a commanding 40 percent share of the Dutch savings market, giving

Robeco access to millions of potential investors in mutual funds.

For Robeco, the alliance is a further step in its search for new ways of attracting investors across Europe. Recently, it received the first banking license in its 50-year history when it converted its Geneva subsidiary into a Swiss bank.

In reply to questions, both Mr. Wijffels and Mr. Korteweg said the alliance could also serve as a model for similar agreements between Robeco and other European banks, though they stressed that this was not yet being considered.

Rabobank's Mr. Wijffels cited the possibility that other European cooperative banks belonging to the Union association might be interested in a similar deal.

However, the Dutch banker said that Credit Agricole, the big French banking cooperative, would probably not be interested because it already supports Mr. Atali's nomination and the selection of London as headquarters for the bank when the items come up for debate Saturday.

The French source said that, ideally, these issues should have been resolved within the Community, which is to contribute 51 percent of the bank's capital.

"But there was no consensus among the 12 Community members, the source said. "Instead of pitting one country against another,

Bae Agrees on Linkage With General Dynamics

Compiled by Our Staff From Dispatches

ST. LOUIS, Missouri — General Dynamics Corp. said Wednesday it and British Aerospace PLC had agreed to cooperate on international projects in defense procurement and technologies.

Under a memorandum of cooperation, British Aerospace will assist General Dynamics in the promotion of industrial arrangements and programs to explore products, industrial investments, and technology transfers.

As an initial venture, the two companies said they will establish an agreement between the Land Systems Division of General Dynamics and the Royal Ordnance subsidiary of British Aerospace.

"Both of our companies recognize that the changing global security environment necessitates increased international industrial collaboration," the companies said.

Other recently announced international collaborations in this field, brought about by shrinking defense budgets and the increasing

cost of research and development, include a joint venture by Rolls-Royce PLC of Britain and Bayerische Motoren Werke AG of West Germany; collaboration between Daimler-Benz AG of West Germany, Mitsubishi Heavy Industries Ltd. of Japan and United Technologies Corp. of the United States. (Reuters, AP)

Italian Merger

The aerospace group Aeritalia SpA will be merged with a sister state defense company, Selenia, according to a statement on Wednesday by Finmeccanica SpA, the state holding company which controls both groups, Reuters reported from Rome.

The newly merged company would also hold a majority stake in Ferranti Italia. Aeritalia last year had consolidated revenue of 2.98 trillion lire (\$2.46 billion), while Selenia had turnover of 1.34 trillion lire.

The new company will rank seventh in the European aerospace league.

BONN: Unification Fund Is Set

(Continued from first finance page)

delayed, but they would in any case not have come into effect until 1992.

Analysts said that the relatively passive reaction of the markets to the new fund was not surprising since they have long ago adjusted to the inevitability of major costs for reunification.

"The new fund is just the technical vehicle but the real question for the markets is how much reunification will cost overall," said Ulrich Hombrecht, senior economist at Westdeutsche Landesbank Girozentrale. He estimated that the bill may top 200 billion DM over the next four and half years, the period during which the new 115 billion DM fund will draw on the capital markets.

The East German government sent a reminder to Bonn of the pending bill when it asked Wednesday for a credit of 15 billion East German marks to finance social costs even before monetary union takes effect on July 2.

Mr. Waigel declined Wednesday to say what sort of securities will be issued by the new fund when it draws on the capital markets but early indications pointed to the use of various debentures and certificates rather than full-fledged bonds.

"A lot of new government bond issues on the market could psychologically upset the markets and push interest rates higher while the other instruments are less conspicuous," said one Frankfurt dealer.

"This new fund will push things off the budget and outside of the usual deficit calculations but it is basically the same thing as raising money with bonds," said Nigel Rendell, international economist with James Capel & Co. in London.

Louho Issues Harrods Write

Reuters

LONDON — Louho PLC, the London-based trading company, said Wednesday it had issued a High Court writ against the former secretary of state for trade and industry Norman Tebbit.

"The claim is for substantial damages for loss of Louho's opportunity to bid for House of Fraser in 1985," the company said.

Louho said Mr. Tebbit's decision as secretary of state binding Louho to its 1981 undertaking not to bid for House of Fraser was negligent and an abuse of ministerial powers. Louho eventually lost a protracted battle to acquire House of Fraser.

EC: Smaller Community Members Challenge G-7 Over Plans for New European Bank

(Continued from Page 1)

Seven deal.

"This bank is not even operational, and already the G-7 is making important decisions about its future," he said. "This will be unacceptable to a large majority of the 42."

A French government source, however, predicted that a clear majority of the 42 would support Mr. Atali's nomination and the selection of London as headquarters for the bank when the items come up for debate Saturday.

The French source said that, ideally, these issues should have been resolved within the Community, which is to contribute 51 percent of the bank's capital.

"But there was no consensus among the 12 Community members, the source said. "Instead of pitting one country against another,

we thought it was wiser to leave the decision to the 42."

The 42 founding members include the 25 countries of the Organization for Economic Cooperation and Development, eight countries of Central and Eastern Europe, Malta, Cyprus, Mexico, Egypt, Morocco, Liechtenstein and Israel, plus the European Commission and the European Investment Bank.

Officially, the French government denies that any deal was ever made within the Group of Seven. "No decisions have been made," a spokeswoman said. "The game is open."

The Dutch government's attack on the Group is not without a measure of self-interest. It has been pushing hard to get the bank headquarters put in Amsterdam and under the management of H. Onno Ruding, a former finance minister

and a former chairman of the IMF interim committee.

In 1983, Mr. Ruding lost out to another Frenchman, Michel Camdessus, in a bid to become chairman of the IMF.

"The Dutch are genuinely frustrated," a U.S. diplomatic source said. "They were adamant that what happened to Mr. Ruding in 1983 should not happen again, but they saw that the French had all the cards stacked against them."

Even though Mr. Atali has no financial or banking experience, the source said his being tapped for the bank's top position was a "reward to the French for bringing this idea up."

Mr. Mitterrand proposed the concept of a development bank to aid the countries of Eastern Europe last fall. Mr. Atali has run the secretariat to prepare the bank's organization since the start of this year.

Investor's Europe

Frankfurt Commerzbank

2500
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D J F J F M A M
1989 1990

London F.T. 100 Index

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2100

D J F J F M A M
1989 1990

Paris C.A.C. 40

2200
2100
2000
1900
1800

D J F J F M A M
1989 1990

Exchange	Index	Wednesday Close	Prev. Close	% Change
Amsterdam	CBS Trend	118.30	117.90	+0.34
Brussels	Stock Index	6168.44	6166.20	+0.04
Frankfurt	Commerzbank	2274.40	2264.50	+0.44
Frankfurt	DAX	1841.77	1851.25	-0.51
Helsinki	UNITAS	565.80	566.00	-0.04
London	Financial Times 30	1739.80	1731.60	+0.47
London	FT-SE 100	2221.10	2212.20	+0.40
Madrid	General Index	286.34	282.21	+1.46
Milan	MIB	1039.90	1035	+0.47
Paris	CAC 40	2070.70	2070.87	+0.00
Stockholm	Affaersvaerden	1164.40	1179.30	-1.26
Zurich	SBS	842.70	842.70	0.00

Source: AFD International Herald Tribune

Source: AFP

International Herald Tribune

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Wednesday's Closing
Tables include the nationwide prices up to the closing on Wall Street and do not reflect the trades elsewhere. Via The Associated Press

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Indiana	Grubbs	Grubbs	Dem 20-21
Mississippi	Shawyer	Shawyer	Dem 20-21
North Carolina	Shawyer	Shawyer	Dem 20-21
Ohio	Shawyer	Shawyer	Dem 20-21
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West Virginia	Shawyer	Shawyer	Dem 20-21
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Wyoming	Shawyer	Shawyer	Dem 20-21

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States figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest week. **12**—12-month stock dividend amounts to 12 percent or more have been paid, the year's all-time range and the 12-month range in stock dividend amounts. **13**—Estimated rates of dividends are annual distributions based on the following: **a**—dividend as a percent; **b**—annual rate of dividend plus stock dividend. **14**—Including dividend in full. **15**—**16**—**17**—**18**—**19**—**20**—**21**—**22**—**23**—**24**—**25**—**26**—**27**—**28**—**29**—**30**—**31**—**32**—**33**—**34**—**35**—**36**—**37**—**38**—**39**—**40**—**41**—**42**—**43**—**44**—**45**—**46**—**47**—**48**—**49**—**50**—**51**—**52**—**53**—**54**—**55**—**56**—**57**—**58**—**59**—**60**—**61**—**62**—**63**—**64**—**65**—**66**—**67**—**68**—**69**—**70**—**71**—**72**—**73**—**74**—**75**—**76**—**77**—**78**—**79**—**80**—**81**—**82**—**83**—**84**—**85**—**86**—**87**—**88**—**89**—**90**—**91**—**92**—**93**—**94**—**95**—**96**—**97**—**98**—**99**—**00**—**01**—**02**—**03**—**04**—**05**—**06**—**07**—**08**—**09**—**10**—**11**—**12**—**13**—**14**—**15**—**16**—**17**—**18**—**19**—**20**—**21**—**22**—**23**—**24**—**25**—**26**—**27**—**28**—**29**—**30**—**31**—**32**—**33**—**34**—**35**—**36**—**37**—**38**—**39**—**40**—**41**—**42**—**43**—**44**—**45**—**46**—**47**—**48**—**49**—**50**—**51**—**52**—**53**—**54**—**55**—**56**—**57**—**58**—**59**—**60**—**61**—**62**—**63**—**64**—**65**—**66**—**67**—**68**—**69**—**70**—**71**—**72**—**73**—**74**—**75**—**76**—**77**—**78**—**79**—**80**—**81**—**82**—**83**—**84**—**85**—**86**—**87**—**88**—**89**—**90**—**91**—**92**—**93**—**94**—**95**—**96**—**97**—**98**—**99**—**00**—**01**—**02**—**03**—**04**—**05**—**06**—**07**—**08**—**09**—**10**—**11**—**12**—**13**—**14**—**15**—**16**—**17**—**18**—**19**—**20**—**21**—**22**—**23**—**24**—**25**—**26**—**27**—**28**—**29**—**30**—**31**—**32**—**33**—**34**—**35**—**36**—**37**—**38**—**39**—**40**—**41**—**42**—**43**—**44**—**45**—**46**—**47**—**48**—**49**—**50**—**51**—**52**—**53**—**54**—**55**—**56**—**57**—**58**—**59**—**60**—**61**—**62**—**63**—**64**—**65**—**66**—**67**—**68**—**69**—**70**—**71**—**72**—**73**—**74**—**75**—**76**—**77**—**78**—**79**—**80**—**81**—**82**—**83**—**84**—**85**—**86**—**87**—**88**—**89**—**90**—**91**—**92**—**93**—**94**—**95**—**96**—**97**—**98**—**99**—**00**—**01**—**02**—**03**—**04**—**05**—**06**—**07**—**08**—**09**—**10**—**11**—**12**—**13**—**14**—**15**—**16**—**17**—**18**—**19**—**20**—**21**—**22**—**23**—**24**—**25**—**26**—**27**—**28**—**29**—**30**—**31**—**32**—**33**—**34**—**35**—**36**—**37**—**38**—**39**—**40**—**41**—**42**—**43**—**44**—**45**—**46**—**47**—**48**—**49**—**50**—**51**—**52**—**53**—**54**—**55**—**56**—**57**—**58**—**59**—**60**—**61**—**62**—**63**—**64**—**65**—**66**—**67**—**68**—**69**—**70**—**71**—**72**—**73**—**74**—**75**—**76**—**77**—**78**—**79**—**80**—**81**—**82**—**83**—**84**—**85**—**86**—**87**—**88**—**89**—**90**—**91**—**92**—**93**—**94**—**95**—**96**—**97**—**98**—**99**—**00**—**01**—**02**—**03**—**04**—**05**—**06**—**07**—**08**—**09**—**10**—**11**—**12**—**13**—**14**—**15**—**16**—**17**—**18**—**19**—**20**—**21**—**22**—**23**—**24**—**25**—**26**—**27**—**28**—**29**—**30**—**31**—**32**—**33**—**34**—**35**—**36**—**37**—**38**—**39**—**40**—**41**—**42**—**43**—**44**—**45**—**46**—**47**—**48**—**49**—**50**—**51**—**52**—**53**—**54</**

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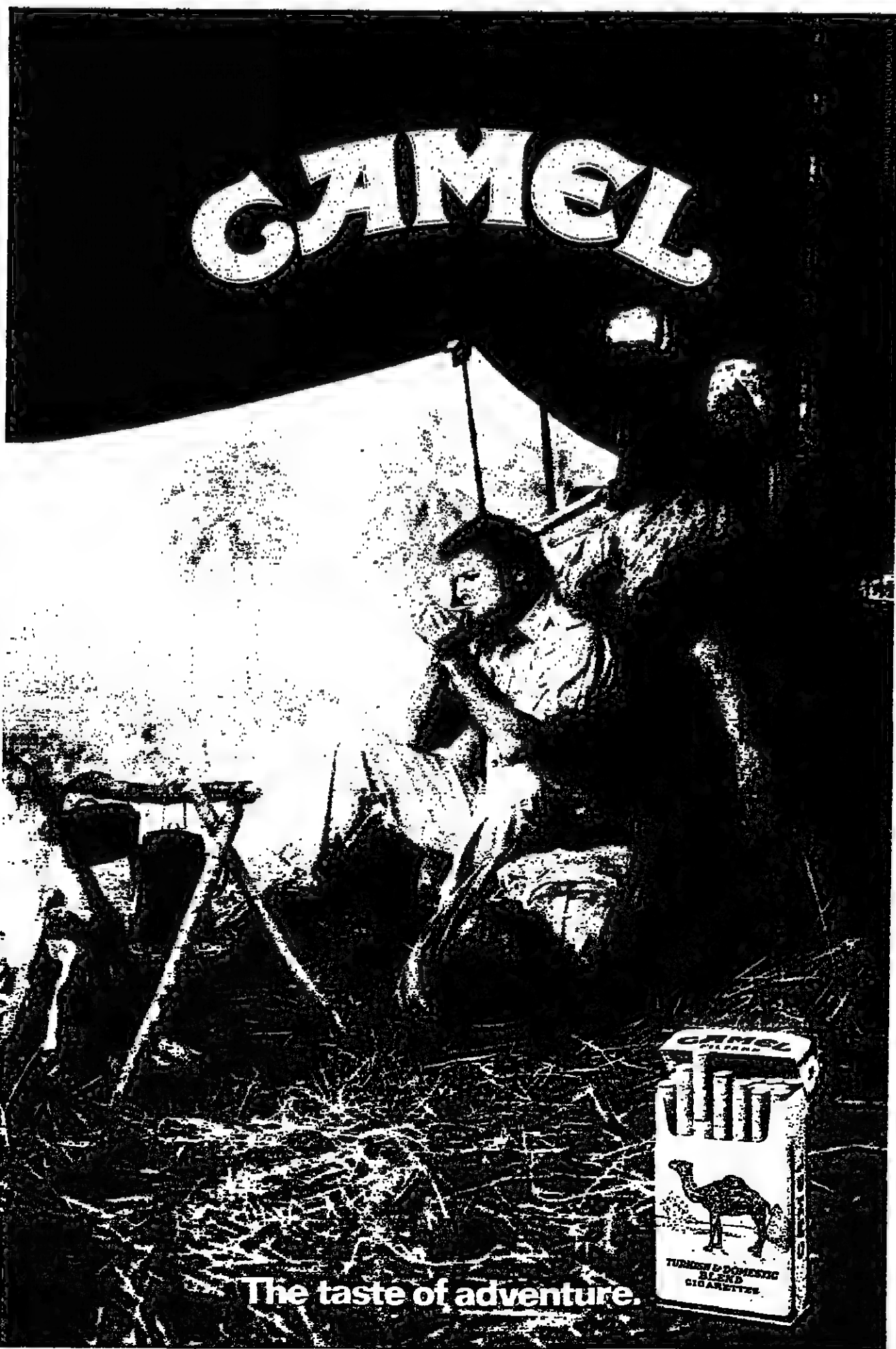
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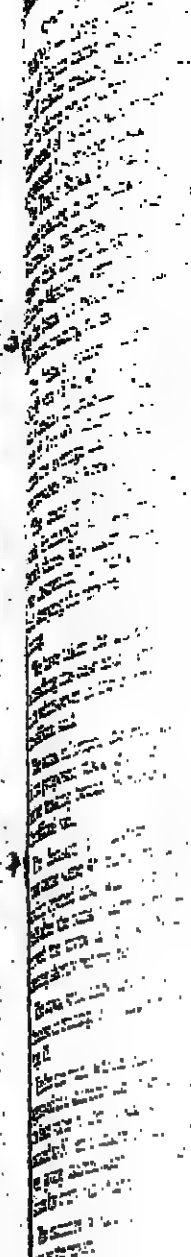
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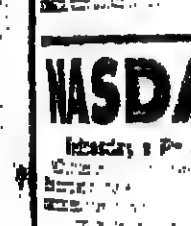
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Japan Bank Suspected of Insider Deals

Agence France-Press

TOKYO — Long-Term Credit Bank of Japan came under suspicion of insider trading Wednesday after its share price surged 10 percent ahead of its announcement of a proposed 10-for-one stock split.

The Tokyo Stock Exchange suspended trading in the bank's shares Wednesday morning, prompting reports that the exchange and the Finance Ministry were investigating the bank for possible breaches of insider-trading rules.

The bank's shares jumped to 21,500 yen (\$141.45) from 19,500 yen Tuesday in unusually high volume of 116,900 shares, about six times the average daily volume of the previous two weeks.

"The decision by the Tokyo Stock Exchange to suspend the bank's shares was taken under its own discretion," a bank official said, denying the reports of insider trading.

"We have taken the utmost care in handling this case and there's no truth whatsoever in these reports," the official said.

The bank informed the exchange of the proposed stock split shortly before trading began Wednesday, the official said.

The decision to suspend the stock came some 45 minutes after trading opened and was later upheld after the bank's directors approved the proposal at a board meeting shortly before noon.

The stock split, announced after the close of trading, is to take effect Aug. 11.

Under the plan, which has to be approved at a shareholder meeting, the face value of the stock will be reduced to 50 yen a share from 500 yen, giving shareholders 10 new shares for every old share.

The exchange would not comment on the reports.

Jakarta's Ambitious Inco Float Gets Cool Response

By Steve Glain

International Herald Tribune

The Jakarta Stock Exchange's second-largest stock flotation, of a big nickel-mining company, met a cool response Wednesday and could take months to absorb, brokers and fund managers said.

Shares of PT International Nickel Indonesia Ltd., a unit of Canada's Inco Ltd., fell 100 rupiah below their issue price to close at 9,700 rupiah (\$5.34), with heavy trading in the issue pulling the whole market lower.

The \$260 million Inco offering was criticized as being priced out of the reach of local investors at a time when the market had just digested its biggest public offering, that of PT Indocement, late last year.

"There will be an overhang in the market after this," said a stockbroker with a U.S.-based securities firm in Hong Kong. "I think the key word is indifference."

The public offering represents 20 percent of the capital of PT Inco, one of Asia's largest nickel manufacturers, accounting for 3 percent of the world's nickel production.

The underwriter, Morgan Stanley Asia Ltd., priced the 48.9 million issued shares at 9,800 rupiah each, valuing all of PT Inco at the equivalent of \$1.3 billion.

The deal marked the second-largest public offering in Indonesia's history after the \$337

million issue of PT Indocement Tungal Praksara in November 1989. That issue was also poorly received, and many of the shares were later purchased by Indocement's owner, the businessman Liem Sioe Liong, to support the company's stock price.

Morgan Stanley had high hopes for the PT Inco offering, which was pitched at a price/earnings ratio of about 12 times, compared with the stock market's overall rating of 28 times. Although the exact number of subscribers was not known, the issue was about three times oversubscribed, according to analysts. Interest was dominated by foreigners, they said.

But the recent softening of Indonesian stock prices — the Jakarta Stock Exchange index has shed about 5 percent in the last month — and a decline in global nickel prices undercut the issue, according to a source close to the underwriters.

This source pointed out that in addition to Jakarta's overall weakness, the Inco flotation is seen more to global prices of nickel than to recently buoyant Indonesian stock prices.

Under a condition set by Morgan Stanley, overseas orders could account for no more than 37 percent of the issue, according to the source, who would not elaborate. He said none of the shares had yet been sold back to

either Morgan Stanley or the network of local underwriters.

The source said he was confident that interest in the shares would accelerate, particularly because of a special cash dividend due in September and worth 12 percent of the stock's value.

Inco's 9,700 rupiah closing price, the same as its opening, came after thin trading. A broker with Jardine Fleming Broking Ltd. in Hong Kong said there were hordes of sellers but few buyers.

Analysts said overseas investors ordered more shares than they intended to take up after the offer period began last month, thinking demand for the issue would be huge and allocation would be scaled back.

When the issue was not snapped up Wednesday, fund managers hastily dumped the shares they did not need, depressing the price.

Brokers and fund managers said the offer was marketed too aggressively, particularly as local investors are increasingly being squeezed out by huge foreign investors who can afford to pay a premium for access to issues.

Indonesia's stock market has outperformed all others in Asia so far this year, attracting a flood of institutional investment. Market capitalization is forecast to increase

from a current \$17.9 billion to \$26 billion by the end of this year, according to a report released last week by Baring Securities (Hong Kong) Ltd.

Despite the market's allure, several fund managers said they dismissed the Inco offering when the issue price was raised from the original 8,800 to 9,400 rupiah based on European investors to marketing efforts.

"They pushed the pain threshold to the limit and got burned," said a fund manager with Aetna Investment Management (Far East) Ltd. "It's gotten close to the equilibrium point, where people are using a little more discretion on what they want to buy."

However, the issue-price rise was needed to temper the flood of overseas demand, according to the source close to Morgan Stanley.

Most analysts agree the issue will be taken up eventually, but several said it may be harder to digest than the Indocement offering, because it involves stock on which the issuer has already taken a profit rather than new shares whose price the issuer might be keen to support.

"There is no Liem family to support the share price this time," said the broker with the U.S.-based firm.

Investor's Asia

Hong Kong
Hang Seng

Singapore
Straits Times

Tokyo
Nikkei 225

Exchange	Index	Wednesday Close	Prev. Close	% Change
Hong Kong	Hang Seng	2248.89	2265.09	-0.55
Singapore	Straits Times	1524.35	1530.86	-0.43
Sydney	All Ordinaries	1493.80	1507.80	-0.93
Tokyo	Nikkei 225	31967.62	31997.04	-0.09
Kuala Lumpur	Composite	557.82	559.74	-0.34
Bangkok	Book Club	778.12	774.58	+0.46
Seoul	Composite Stock	756.87	724.76	+4.43
Taipei	Weighted Price	8059.14	8569.55	-5.96
Manila	Composite	974.92	974.80	+0.01
New Zealand	Barclays	1739.07	1754.75	-0.89
Bombay	National Index	Closed	419.87	-

Source: Reuters AEP

Sources: Reuters, AFP

Glut Causes Chaos in Australian Wool Industry

CANBERRA — Australia's wool industry is in chaos as foreign buyers delay their purchases in the belief that a glut will force down prices further.

There are 170 million sheep in Australia, 2.4 million bales of wool in warehouses, and few buyers offering the 870 Australian cents (660 U.S. cents) a kilogram set as a minimum price.

Prices fell Wednesday for the second day in a row at wool sales in Sydney, Fremantle and Melbourne. The market indicator closed 3 cents lower at 891 cents a kilogram after losing 5 cents Tuesday.

As a result, Australia's 45,000

growers are being forced to buy their own wool and, if poor trade continues, will build the stockpile to 6 million bales in a couple of years.

At wool sales in Sydney and Melbourne on Tuesday, the Australian Wool Corp., a government-owned organization that tries to stabilize prices, was obliged to buy a further 28,000 bales, or 67 percent of the wool being offered.

Buyers are waiting for a crucial meeting of growers in Roma, Queensland, on May 22 and 23. The growers, agonizing over whether to cut their losses and drop the price, will attempt to decide how to solve the crisis.

"The main countries that re-

duced their buying considerably would have been France, Germany, Italy and Japan," Jim Young, managing director of the corporation, said Wednesday.

"The international textile industry," he said, "decided they would just fold up their order books for a while until we got our house in order."

"I think it is going to be continuingly chaotic unless there is reconstruction that the floor price is going to be held at 870 cents."

The corporation wants that price maintained because it says an adjustment would lead to instability in the market and lower the value of its own stockpile and that of wool held by buyers, who snapped

it up at 1,269 cents a kilogram when world demand peaked in early 1988.

The corporation has borrowed 1.5 billion Australian dollars (\$1.1 billion) offshore to buy wool and has government approval to borrow a further 1 billion dollars.

Peter Cook, the government spokesman on primary industries in the Senate, said the floor price of 870 cents would fall due to pressure on the industry to lower it.

Mr. Cook told the Senate that pressure for a lower floor price was increasing because of the opposition coalition's support of legislation to lift the wool tax ceiling to 20 percent from the current 10 percent.

though both business and congressional analysts said they were disappointed that the effort was not larger.

"It's something we all have wanted for years," said Bruce B. Talley, executive director of the Coalition for Employment Through Exports, a lobbying group of export-oriented companies.

"It should have a favorable impact on exports and should also have a maximum visibility and demonstration effect."

Many of the specific programs for the four countries are expected to be in place by Sept. 30, they said. Initial reaction was favorable, al-

Singapore Land Gains As UIC Resumes Buying

SINGAPORE — Singapore Land Ltd.'s share price rose Wednesday as its predator, United Industrial Corp., resumed its buying of the real estate concern, brokers and analysts said.

On Tuesday, Singapore Land had signaled its was giving up efforts to foil the 2.6 billion Singapore dollar (\$1.4 billion) bid, a move that took analysts by surprise.

Its shares rose 50 cents, closing at 15 dollars, after a fall of 30 cents to 14.50 dollars Tuesday following UIC's sudden withdrawal from the market.

Brokers said UIC re-entered the market on Wednesday afternoon, buying 164,000 shares. This raised UIC's total shareholding in the takeover target to 62.10 million shares, or 47.4 percent of Singapore Land's issued capital.

The brokers said UIC paid an average price of 14.86 dollars per share, against its offer price of 15 dollars.

"Now that UIC is just 3 percent away from gaining control of the company, I think it will easily achieve its target from acceptances of its offer," a real estate analyst said.

Brokers said Singapore Land shareholders are likely to start tendering from Thursday. "Usually,

they come in at the last minute," one said.

UIC, a diversified concern known for recent real estate trading, has said the offer, which closes Friday, will not be extended. UIC announced the bid on April 5, when it held a 26.6 percent stake in Singapore Land.

UIC has said its long-term objective is to make Singland its principal real estate arm, focusing on property development and investment activities in Singapore.

UIC led Wednesday's active list in Singapore stock trading, rising one cent to 2.65 dollars.

Murdoch Loses Drive Price of Shares Down

AGENCE FRANCE-PRESS

SYDNEY — News Corp.'s third-quarter losses drove its share price down by 55 Australian cents (42 U.S. cents) to 9.90 dollars on Wednesday before it bounced back later in the day.

The shares closed 30 cents down at 10.15 dollars in the first day of trading since Rupert Murdoch's media group announced it lost 30.8 million dollars for the three months to March 31.

TRADE: U.S. Sets Plan to Link Aid to Exports in a Bid to Abolish Unfair Subsidies

(Continued from first finance page)

Economic Policy Council headed by Treasury Secretary Nicholas F. Brady, was intended to "attract the attention of our allies."

In effect, the administration was serving notice Tuesday that it would fight for markets in the same way as its allies until they agree to curb the practice.

"You have to have a few arrows in your quiver," Mr. Lawson said. The program does not require additional budget allocations.

Its importance, as the officials of the Ex-Im Bank and international development agency explained, is that for the first time the funds of the two agencies have been combined in a structured, leveraged effort to win markets.

"We are mindful" that the international development agency "is not an export-promotion agency," Mr. Brown said. But he added that we are confident that we can achieve our development objectives with United States suppliers, United

States technology and United States materials."

The international development agency will be contributing \$100 million from its resources in the four countries.

The Ex-Im Bank will be providing \$100 million from funds that Congress has already authorized to fight foreign tied-aid programs and an additional \$300 million from its loan guarantee authority.

The four countries chosen are among the most advanced develop-

ing nations and are believed to offer significant market opportunities for U.S. products.

The two agencies said that among the early projects expected to be supported will be those involving the power industry in the Philippines, which has been hit by electricity shortages in recent months.

Many of the specific programs for the four countries are expected to be in place by Sept. 30, they said. Initial reaction was favorable, al-

NASDAQ

Wednesday's Prices
NASDAQ prices as of 4 p.m. New York time. This list compiled by the AP, consists of the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

Stock	Low	High	Open	Close	Change
IBM	110 1/4	111 1/4	110 3/4	111 1/4	+1/8
Microsoft	34 1/2	35 1/4	34 3/4	35 1/4	+1/8
Apple	28 1/2	29 1/4	28 3/4	29 1/4	+1/8
Oracle	24 1/2	25 1/4	24 3/4	25 1/4	+1/8
Sun	22 1/2	23 1/4	22 3/4	23 1/4	+1/8
Intel	20 1/2	21 1/4	20 3/4	21 1/4	+1/8
Compaq	18 1/2	19 1/4	18 3/4	19 1/4	+1/8
HP	16 1/2	17 1/4	16 3/4	17 1/4	+1/8
Digital	14 1/2	15 1/4	14 3/4	15 1/4	+1/8
PerkinElmer	12 1/2	13 1/4	12 3/4	13 1/4	+1/8

Stock	Low	High	Open	Close	Change
Boeing	54 1/2	55 1/4	54 3/4	55 1/4	+1/8
Lockheed	48 1/2	49 1/4	48 3/4	49 1/4	+1/8
General Electric	42 1/2	43 1/4	42 3/4	43 1/4	+1/8
Westinghouse	36 1/2	37 1/4	36 3/4	37 1/4	+1/8
Rockwell International	30 1/2	31 1/4	30 3/4	31 1/4	+1/8
Northrop	24 1/2	25 1/4	24 3/4	25 1/4	+1/8
Raytheon	18 1/2	19 1/4	18 3/4	19 1/4	+1/8
Grumman	12 1/2	13 1/4	12 3/4	13 1/4	+1/8
Boeing	6 1/2	7 1/4	6 3/4	7 1/4	+1/8

Stock	Low	High	Open	Close	Change
Johnson & Johnson	26 1/2	27 1/4	26 3/4	27 1/4	+1/8
Pfizer	22 1/2	23 1/4	22 3/4	23 1/4	+1/8
Merck	18 1/2	19 1/4	18 3/4	19 1/4	+1/8
Novartis	14 1/2	15 1/4	14 3/4	15 1/4	+1/8
Schering-Plough	10 1/2	11 1/4	10 3/4	11 1/4	+1/8
Amgen	8 1/2	9 1/4	8 3/4	9 1/4	+1/8
Eli Lilly	6 1/2	7 1/4	6 3/4	7 1/4	+1/8
Abbott	4 1/2	5 1/4	4 3/4	5 1/4	+1/8
Amgen	2 1/2	3 1/4	2 3/4	3 1/4	+1/8

Stock	Low	High	Open	Close	Change
Walmart	24 1/2	25 1/4	24 3/4	25 1/4	+1/8
Kroger	20 1/2	21 1/4	20 3/4	21 1/4	+1/8
Target	16 1/2	17 1/4	16 3/4	17 1/4	+1/8
Walgreens	12 1/2	13 1/4	12 3/4	13 1/4	+1/8
CVS	8 1/2	9 1/4	8 3/4	9 1/4	+1/8
Wal-Mart	4 1/2	5 1/4	4 3/4	5 1/4	+1/8
Kroger	2 1/2	3 1/4	2 3/4	3 1/4	+1/8
Target	1 1/2	2 1/4	1 3/4	2 1/4	+1/8
Walgreens	0 1/2	1 1/4	0 3/4	1 1/4	+1/8

Stock	Low	High	Open	Close	Change
Home Depot	34 1/2	35 1/4	34 3/4	35 1/4	+1/8
Lowes	28 1/2	29 1/4	28 3/4	29 1/4	+1/8
Menards	22 1/2	23 1/4	22 3/4	23 1/4	+1/8
Tru-Fit	16 1/2	17 1/4	16 3/4	17 1/4	+1/8
Walmart	10 1/2	11 1/4	10 3/4	11 1/4	+1/8
Kroger	8 1/2	9 1/4	8 3/4	9 1/4	+1/8
Target	6 1/2	7 1/4	6 3/4	7 1/4	+1/8
Walgreens	4 1/2	5 1/4	4 3/4	5 1/4	+1/8
CVS	2 1/2	3 1/4	2 3/4	3 1/4	+1/8

Stock	Low	High	Open	Close	Change
Costco	24 1/2	25 1/4	24 3/4	25 1/4	+1/8
Sam's Club	20 1/2	21 1/4	20 3/4	21 1/4	+1/8
Walmart	16 1/2	17 1/4	16 3/4	17 1/4	+1/8
Kroger	12 1/2	13 1/4	12 3/4	13 1/4	+1/8
Target	8 1/2	9 1/4	8 3/4	9 1/4	+1/8
Walgreens	6 1/2	7 1/4	6 3/4	7 1/4	+1/8
CVS	4 1/2	5 1/4	4 3/4	5 1/4	+1/8
Wal-Mart	2 1/2	3 1/4	2 3/4	3 1/4	+1/8
Kroger	1 1/2	2 1/4	1 3/4	2 1/4	+1/8

ART BUCHWALD

Tuning Out the Speaker

WASHINGTON — One of the myths of higher education is that students care who their graduation speaker is going to be. We have recently witnessed the Barbara Bush brouhaha at Wellesley. Graduates and faculty members have ferociously debated the merits of having Mrs. Bush deliver a message of significance that will remain with the class of 1990 for the rest of their lives.

It is a myth because, according to the recent census figures, 99 percent of all students graduating this year will not recall what the speaker said. Twenty minutes after the ceremony is over they won't even remember who he or she was.

I speak with some authority on this. Over the years I have addressed many graduation classes, and I found the only measure of a successful speech was to talk fast and leave out as much substance as I possibly could.

This has been my experience: I have noticed that as soon as I start to speak, the students look at their watches. Although this is disconcerting, it is not disruptive. The disruption comes from those without watches who keep asking the others what time it is.

In the midst of making some of my most significant points, foaming champagne bottles always appear and are passed up and down the rows. Swigging champagne from the bottle during a com-

mencement speaker's talk has now become the most sacred of all graduation rituals.

The way many students kill time during a speech is to pull the tassels on the cap of the person seated in front of them. If the person whose tassels are being pulled likes the person who is pulling, there is a great deal of giggling. But if he or she doesn't like the tassels-tugger, then loud, harsh words are exchanged.

One of the reasons why students don't pay too much attention to the speaker is because they are using the time to locate their parents and relatives sitting in the bleachers. If it's a large ceremony, this requires a tremendous amount of scouting. Sometimes the relatives are helpful because they start yelling at the graduate, which, by the way, doesn't do one's speech any good at all.

Another factor making it difficult to get your message across is that students are much more concerned about their appearance as they walk across the stage to receive their diplomas than they are with what the speaker is saying. The conferring of degrees takes place right after the commencement speech so everyone is adjusting his or her gown. Some students will decide to take their bows with their gowns zipped up. Others will leave them open as their first post-graduate act of defiance.

There are even students who will sleep during your talk, but I have discovered that it's nothing personal.

The reason that they can't stay awake is because they haven't had any sleep the night before. The mistake most speakers make is to keep staring at the student who is sleeping, and this can throw off a speaker's timing something awful.

Of course, in every graduation class there will be a few who bring their morning newspapers with them, and then turn the pages while you're speaking. The only way I can deal with this is to say to myself, "Thank God they can read."

As a speaker, the most important lesson I have learned is this: No matter how pertinent my message, it was not appreciated by the class of 1990, because the audience was unable to hear one word of it over the school's 1943 loudspeaker system.



Buchwald

Masekela: On Apartheid, No Gray Areas

By Donna Britt

WASHINGTON — "Quickly," challenges the soft voice, forever tinged by the South African homeland he hasn't seen in 30 years. "Name me 10 rich jazz musicians."

Hugh Masekela is tired — it is the morning after the Washington premiere of "Sarafina," of which he was the co-creator and arranger. The jazz trumpeter leans back, his slight frame as loose as his voice is urgent. Silence. Then he is answered: "Quincy Jones?"

"Yes, but Quincy didn't make his money out of jazz," Masekela lobs back. "As a jazz musician, Quincy had to scrounge. There's something about jazz that the industry won't support — it's so independent-minded."

At this stage of the game, this independent-minded musician, now 51, could just relax and congratulate himself. For having been in the 1960s, one of the first African artists to pierce America's pop music consciousness (his song "Grazing in the Grass" was Billboard's No. 1 single for two weeks in 1968) ... for contributing so much to "Sarafina's" buoyant, shake-your-shoulders music ... for having used a joyful noise to illuminate the tragedy that is the musical's heart — the 1976 Soweto massacre, in which at least 494 black schoolchildren and adults were killed during a cycle of violence over eight months when thousands of schoolchildren boycotted classes to protest being taught in Afrikaans, the official language of the South African government. But there is no time for self-congratulation in his book. Not until South Africa has changed, for good.

"Sarafina" was to play New York's Lincoln Center for only 10 weeks, but ran 116 performances at the center's Mitzi Newhouse Theatre before moving to Broadway's Court Theatre, where it ran from January 1988 through June 1989, for 608 performances. Appropriately, this tale of apartheid's effect on kids was originally suggested by one of South Africa's best-known musicians.

Masekela and the South African playwright-musician Mbongeni Ngema were looking for an idea for an anti-apartheid musical when Winnie Mandela provided the spark. "Why don't you try and talk about the children, their resilience?" she asked.

It made sense — and not only because Soweto was one of the first acts of barbarism by South Africa to outrage the international consciousness. In South Africa, Masekela explains, "by the time you're three or four years old, you're told you're the wrong color for certain opportunities to come to you. You grow up a political creature. From the time you can think and speak, you are politically sophisticated."

He could tell you about it. By the time he was six, Masekela, who was born in a coal-mining town 100 miles (160 kilometers) east of Johannesburg, was singing "the songs of the streets" and had begun playing the piano. Initially, his greatest influence was American swing. Later it was bebop jazz. By age 20, he was a member of the Jazz Epistles, the first African jazz group to record an LP in South Africa. Then he left. He studied at London's Guildhall School of Music and later at the Manhattan School of Music.

In New York, he teamed up with a fellow student, Stewart Levine, in 1965 to form the label Chess Records. "The Emancipation of Hugh Masekela" was the first of 11 of the artist's albums they produced. From 1960 to 1964, he had worked with Harry Belafonte's Cleo Music and arranged several albums for celebrated South African singer Miriam Makeba, who was then his wife (they divorced in 1966).

He returned to Africa in the 1970s, and has since divided his time between there and a home in Harlem, where he lives with his wife of 10 years. In 1986, the father of three founded the Botswana International School of Music, a nonprofit musical institute that trains Africans as musicians, which is just part of his commitment to create a global center for African music.



Hugh Masekela: "The press has always favored the side of the oppressor."

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Today, he and Ngema — both of whom earned Tony composing nominations for "Sarafina" — are working on at least four other projects, and are currently negotiating for a feature film of "Sarafina," to begin shooting next year.

He sits for his breakfast interview, wearily angry, talking about the unsettling shift, like the lack of real black power in the music industry. Today, he says, all popular music is 50 to 90 percent Afro-American influenced, but blacks "don't take it to the bank. We own so few recording companies that in the industry we're still mowing the lawn, picking cotton."

Or he examines the incredible, largely unexplored influence that black Americans have on black South Africans. Most black Americans, he says, are almost completely unaware of their reach, their influence. If they knew, he says, "It would break down the barrier that has been built between us. Africans and

African Americans and Caribbean Africans have been divided, but we are the same people. If African American kids knew how much influence they have on urban Africa, it would make them proud. It would be empowering for them to think, 'I did this!'

African Americans' cultural influence isn't limited to black Africa, continues Masekela, whose personal truth — forged in segregated South Africa and hardened in a still racially polarized United States — seems completely undiluted.

"If it wasn't for African Americans, the world would not be square," he says, laughing. "The African American experience is the only real culture that America has. Basically, every American tries to walk, talk, dress and behave like African Americans — they want to do everything we do but be us."

"What is amazing is that under the most disadvantageous conditions, African Americans have not only produced great scholars and scientists and inventors and architects and educators and writers and unbelievable athletes, but they've produced the most prolific multitude of musicians."

And always there's South Africa to deal with. As connected as he feels to his native land, he says he won't return until full freedom is won by the black majority. Otherwise, his homecoming might be heralded by the Afrikaner government as an unearned seal of approval.

"I have knocked the government so long," he explains, "that they would say, 'See, he's back — we must be doing something right.'"

Actually, they're doing plenty that's wrong, he insists. And it bothers him that many who decry the black-on-black violence — which has persisted since the release of the African National Congress leader Nelson Mandela — don't put it in perspective.

"To read the papers, you'd think the problem was caused by us," he says. "Where South Africa is concerned, the press has always favored the side of the oppressor." For Masekela, there are no gray areas where South Africa is concerned.

Barbara Freling
24, 16 e. 6, place Vendôme
75001 Paris
Tel 40 15 90 11

Embassy Service
3 Ave. de la République
75001 Paris
Tel 40 15 90 11

Home Plaza
On Champs-Élysées
Apt. 10, 100 m. from Eiffel Tower
Tel 40 15 90 11

Montmartre
3 rooms, 2 baths, 2 bedrooms
Tel 40 15 90 11

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Or he examines the incredible, largely unexplored influence that black Americans have on black South Africans. Most black Americans, he says, are almost completely unaware of their reach, their influence. If they knew, he says, "It would break down the barrier that has been built between us. Africans and

African Americans and Caribbean Africans have been divided, but we are the same people. If African American kids knew how much influence they have on urban Africa, it would make them proud. It would be empowering for them to think, 'I did this!'

African Americans' cultural influence isn't limited to black Africa, continues Masekela, whose personal truth — forged in segregated South Africa and hardened in a still racially polarized United States — seems completely undiluted.

"If it wasn't for African Americans, the world would not be square," he says, laughing. "The African American experience is the only real culture that America has. Basically, every American tries to walk, talk, dress and behave like African Americans — they want to do everything we do but be us."

"What is amazing is that under the most disadvantageous conditions, African Americans have not only produced great scholars and scientists and inventors and architects and educators and writers and unbelievable athletes, but they've produced the most prolific multitude of musicians."

And always there's South Africa to deal with. As connected as he feels to his native land, he says he won't return until full freedom is won by the black majority. Otherwise, his homecoming might be heralded by the Afrikaner government as an unearned seal of approval.

"I have knocked the government so long," he explains, "that they would say, 'See, he's back — we must be doing something right.'"

Actually, they're doing plenty that's wrong, he insists. And it bothers him that many who decry the black-on-black violence — which has persisted since the release of the African National Congress leader Nelson Mandela — don't put it in perspective.

"To read the papers, you'd think the problem was caused by us," he says. "Where South Africa is concerned, the press has always favored the side of the oppressor." For Masekela, there are no gray areas where South Africa is concerned.

Barbara Freling
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PEOPLE

George Hamilton Calls Imelda a 'Great Friend'

The actor George Hamilton testified in the trial of Imelda Marcos that the former Philippine first lady was "a great friend" who prevented his husband from committing suicide after his brother's death. Hamilton, an unindicted co-conspirator testifying under immunity, said he had received a \$5.5 million loan from a Philippine businessman and Marcos associate. Prosecutors are seeking to link the loan to funds allegedly diverted from the Philippine treasury by the Marcoses.

NBC News is making major changes for its "Today" show, including the return of Joe Garagiola to be co-host with Bryant Gumbel and Deborah Norville. The new lineup, which also includes Faith Daniels as news anchor and Katie Couric as national correspondent in Washington, will appear on June 4. The show has been in a steady ratings decline since the first week in January, when it surrendered first place to ABC's "Good Morning America," just a week before the controversial departure of Jane Pauley from the program. Daniels, a former co-anchor of "CBS Morning News," and Couric are both 33, and research has indicated that "Today" has been losing the younger female audience.

The seniors at Wellesley College may get two first ladies at their commencement. Barbara Bush says she has invited Raisa Gorbachev to accompany her to the June 1 ceremony at the Massachusetts Institute of Technology, where some students have questioned whether Mrs. Bush, a career homemaker, is a good role model. Graduation at Sarah Lawrence College will be a family affair. Joanne Woodward and Claes Newman both get bachelor's degrees, and Claes Newman, husband and father, is dedicating the commencement address.

Ray Charles has been banned from performing two concerts in Sweden this July because his name is on a United Nations blacklist of artists who have performed in South Africa. Agency France Presse reports. The singer and pianist was to have played at least two concerts, one at a jazz festival in Stockholm on July 3 and another in Göteborg the following day.

Italian Police Seize 4,000 Art Forgeries

ROME — Italian police said Tuesday they had seized 4,000 false works of art, including counterfeit pictures attributed to Picasso, in a raid on a home for retired artists near Naples.

A 50-year-old professor at Rome's fine arts academy, the owner of the retirement home, had been charged with art forgery. The raid followed the seizure of 3,500 other forged works in Rome three months ago.

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